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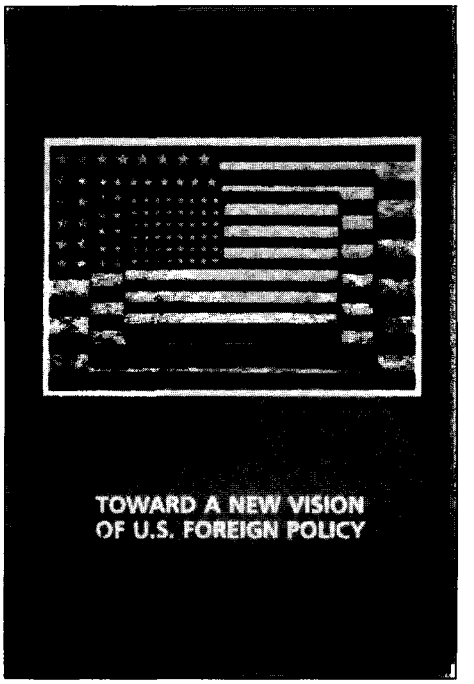

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The Hour of the Demagogue

Stephen Sestanovich

As fate has it, Russia is given to the power of extremes, . . . and what we need here is not pale, unemotional theories, but fiery, new ideas.
—Nikolai Berdyaev,
"The Russian Gironde" (1906)

THE COUP against Mikhail Gorbachev, and its aftermath, oblige us to take a new and closer look at the dynamics of the anticommunist revolution. From the moment that the old Soviet Empire began to shake in 1989, participants and observers alike saw the principal threat to democracy in political extremism. These countries had, after all, only the thinnest constitutional traditions, and the tough policies needed to get postcommunist economies working right were bound to be an excruciating test. Amid political confusion and social tension, the enemies of democracy—whether unprincipled rabble-rousers or generals in tanks—were expected to find their opening. By contrast, politicians guided by a spirit of conciliation and compromise were sure to lose out.

Is this what happened in the Soviet Union? The coup against Gorbachev certainly confirmed the threat of neo-authoritarianism, but what of the threat to democracy we once detected in radical populism? Yesterday's threat became today's salvation. Officials and commentators who used to prize orderly reform above all else began to suggest that the future of Soviet freedom depended on one angry man's ability to raise the masses in a rage against their oppressors.

This ironic result should not have been so unexpected. The post-revolutionary experience of Eastern Europe, and the Soviet revolution that has now burst upon us, refute our fear of "extremists," who in almost all these dramas have strengthened—not subverted—democracy. An indispensable role has been played by a character many considered a simple contradiction in terms: the liberal demagogue. This unlikely political figure taps popular hatreds, resentments, and grievances in the mundane work of creating and fortifying a pluralist constitutional order.

Support for the firebrands of the anticommunist revolution, in short, should not have been treated simply as an affair of the heart (although it is that, too). Liberal demagogy has helped the revolution to succeed and endure, and unless we recognize how much it has achieved we will neither understand the requirements of future success nor be able to contribute to it.

1917: A Cautionary Tale

DEMAGOGUES can, of course, be the gravediggers of popular government even if they are not overtly hostile to it. Without dictatorial ambitions of their

Stephen Sestanovich is director of Soviet and East European studies at the Center for Strategic and International Studies in Washington, DC.

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own, they may make it impossible to protect democratic institutions against committed enemies. The *locus classicus* of this kind of demagogy is the sad case of Alexander Kerensky: his failure to preserve Russia's brief democratic experiment in 1917 is the cautionary tale in whose light we should judge the work of today's reformers and revolutionaries.

Too little is remembered of Kerensky now, beyond the fact that he lost his showdown with Leninism. His historical image is that of the hapless reformer, unsuited to a turbulent time. In fact, as he emerges in Richard Pipes' extraordinary new history, *The Russian Revolution*, Kerensky was "all impulse and emotion." He was the great firebrand of the Russian political scene, whom others had to respect because he could move a crowd. In a word, a demagogue.

If rhetoric is sometimes an instrument of power, Kerensky clearly overestimated what it could do for him. Confident of his ability to sense and manipulate the public mood, he was carried along by the passion of his own attacks on the old order. He neglected and even antagonized institutions and individuals that might have supported him when he needed it most. In March 1917, for example, the Provisional Government hastily dissolved the old provincial bureaucracy. This mistake was, in Pipes' view, "a unique instance of a government born of a revolution dissolving the machinery of administration before it had a chance to replace it with one of its own creation."

Most dangerous of all, Kerensky's disdain for existing political institutions led him in late August 1917 to take on the army, in the person of General Lavr Kornilov, the minister of war, whom he accused of plotting to overthrow the government. Pipes makes a completely convincing case that this famous charge was a fiction: not only was there no such plot, but the generals—including Kornilov—were in fact prepared to work with Kerensky to strengthen him. He was hardly to their taste, but they hoped he could hold the country together. (They too, it seems, overrated the power of rhetoric!) Because it divided Lenin's opponents, the Kornilov affair paved the way for the Bolshevik takeover two and a half months later.

WHY DID Kerensky turn on those who were ready to support him, and whose support could mean so much? Kornilov was becoming a hero of conservatives, and Pipes concludes that by confronting him in this way Kerensky hoped to "pose as champion of the Revolution." It was a demagogue's mistake: pick a fight with a representative of the old order so as to win popular acclaim at the expense of one's rivals.

Kerensky saw politics as a popularity contest. His preoccupation with winning it kept him from seeing that the country's desire for firm leadership could not be satisfied by talk alone. To consolidate his position in the middle of a revolution, he had to offer—but couldn't—relief from uncertainty and disorder. Only the institutions that he tried to discredit and weaken could have helped him meet this need.

This indictment of Kerensky parallels a common critique of today's democratic revolutionaries: too thrilled by talk and big ideas, not prepared to run the country. Yet precisely because the same view of contemporary demagogues is so widespread, it is worth weighing a wholly different assessment of Kerensky—that he was *not demagogic enough*. Far from being undone by his own demagogy, he made too timid use of the new form of power that he had created.

It is, for example, astonishing that while relying on the support of the Socialists-Revolutionaries (the SRs), essentially a peasant party, Kerensky had no land reform program. There were perhaps plenty of good moderate reasons not to push the issue. A radical program would have added yet another front to the war that he was waging; it would have won him new enemies, and added to social instability. Yet it would have proved—something that Kerensky otherwise failed to do—that he aimed to reward those who supported him. The farm boys who filled the ranks of disgruntled soldiers in Petrograd might have stayed on his side.

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Similarly, although the obvious way to tap the SRs' popular support outside cities was to speed up nationwide elections, Kerensky delayed. The Constituent Assembly would have enabled him to escape the dual power structure—the division between the Cabinet and the Soviet—that made it hard for him to govern. Yet, by the time the Assembly met, the Bolsheviks had already seized power.

Finally, to succeed, Kerensky would have had to be more ruthless in dealing with his nominal allies on the Left. Pipes argues persuasively that, after the Bolsheviks' first (bungled) attempt to seize power, Kerensky should have made a determined effort to destroy Lenin with a full-blown trial for treason, laying out all the evidence of his reliance on German money. For such a strategy to work, however, more than mere cooperation with the criminal justice system was needed. Decapitating the Bolsheviks would, despite their small following, have brought on a deep political crisis. It could easily have provoked an all-out battle for control of the streets, and even with the support of the army and police, victory would have depended on an effective campaign for the people's loyalty. It would have tested not only Kerensky's ability to use existing instruments of power, but all the resources of his demagogy as well.

Mazowiecki vs. Walesa

KERENSKY has become our textbook case of a democratic revolution being derailed—"devouring its children"—but it yields no simple moral about the virtue of moderation. Nor does the post–1989 record of Polish politics, although many have tried to read a similar lesson into the struggle that a year ago split the leadership of the Solidarity trade union movement. When Prime Minister Tadeusz Mazowiecki became the victim of an electoral insurgency led by Lech Walesa, now president, it seemed that a good democrat had been laid low by a bad demagogue. The demagogue's subsequent conduct in office has, of course, made the forecasts that he would soon become a dictator look a little ridiculous. Yet this is all the more reason to take another look at what happened for the light it sheds on how anti-communist revolutions can begin to come apart.

Despite Walesa's heroic past, there were reasons to worry about the way he made his bid for power. After taking office in the summer of 1989, good-democrat Mazowiecki had clearly done all the right things, prescribing the harsh medicine necessary to cure Poland's economic disease. It had even begun to work, but with dreadful social side-effects: unemployment, the wiping-out of people's savings, steep price increases for necessities like food and fuel. As popular anxiety rose, the bad demagogue sought to take personal advantage of it, demanding early presidential elections and using irresponsible rhetoric to whip up popular anger. Walesa alleged that Mazowiecki had allowed too much of the old Communist partocracy to stay in place and was letting its members grow rich in the process of privatization. He even made some unsavory insinuations about Jews in the ranks of the good democrats (who are mostly middle-class intellectuals, journalists, and professionals). Feeding on popular unhappiness and promising that he alone could set things right—"with an ax," as he put it—he was swept into office.

Now everyone is familiar with the tut-tutting Western commentaries and editorials that this episode produced. Walesa's victory allegedly demonstrated that the Eastern European revolutions had a very dark side. They allowed the resurgence of nasty pre-democratic folkways—the preference for one-man rule, the paranoid search for the enemy within, and so forth. Equally important, the rejection of Mazowiecki showed that economic collapse was too much for representative institutions to handle. Even analysts with some sympathy for Walesa joined the indictment. Timothy Garten Ash suggested in the *New York Review of Books* that Walesa's themes reflected a considered judgment about how to make the transition to democracy: a

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Polish leader who cannot deliver a higher standard of living any time soon has to pander to popular blood lusts instead. He does this by offering Communist heads on a platter (figuratively, of course; there were no executions). In a clever phrase, Ash called this approach "Salome tactics."

Clever as it is, the description misstates what is at stake. The real issue is not how to distract people from hardship, but rather how to make sense of it for them. Hardship can be adequately rationalized only if it is part of a program that realizes the goals of the revolution. Leaders who seek to sustain popular support during the transition to democracy have to prove that a real revolution, not a halfway one, is taking place; that the country won't wake up at the end of the process to discover that the same people are still in charge. This is why anticommunist rhetoric has been a crucial source of legitimacy. Middle-class intellectuals who disdain it are unlikely to convince people that the revolution will be carried through to the end. They may even produce disenchantment with popular government itself. If this is what their vaunted "moderation" leads to, then who are the real gravediggers of democracy?

IN POLAND, misplaced moderation gave way only to a tougher brand of anticommunism; democracy itself did not give way. In 1917, by contrast, Kerensky's mistakes did promote the victory of illiberalism. Yet the basic pattern—the collapse of centrist reformism—was the same. Fifty years ago, it provided the basic theme of Crane Brinton's study, *The Anatomy of Revolution*, which remains one of the best explanations of the weakness of men like Mazowiecki and Kerensky in a revolutionary environment. In analyzing the English, American, French, Russian revolutions, Brinton found that in every case a first wave of moderate reformers was given a chance to remake the old order, and that their response to this opportunity was almost always the same:

> to set about quite naturally cultivating the sober virtues that go with power. Such virtues, however, make them inadequate leaders of militant revolutionary societies.

The moderates also displayed a deeper weakness: a lack of conviction that the people were able to detect. In the French and English revolutions, Brinton wrote, the moderates

> used grand words and phrases grandly, as a consolation and a joy to their listeners and to themselves. But they did not believe in them as the radicals believed in them; they did not intend to try to pursue them to their logical conclusions in action.

This is still a remarkably fresh account of what we would today call the credibility problem of moderate reformers throughout the old Soviet Empire. It pervaded Mazowiecki's half-hearted campaign, which he waged in nineteenth-century style, rarely leaving his office except for weekend speeches.

In retrospect, Mazowiecki's weak defense of himself and his policies is itself defensible only if one concludes that the future of Polish democracy was not in fact hanging in the balance. Had Walesa been a true tyrant in the making, Mazowiecki's readiness to send the good democrats down to defeat for the sake of a lot of Communist holdovers would seem absurd. After a lifetime in opposition, he could hardly have believed that he owed the *nomenklatura* a graceful retirement.

Mazowiecki's handling of anti-Semitism was an almost equally incomprehensible case of self-restraint. He refused to dignify with any response the insinuation that he might be part Jewish. Scorning the obvious ripostes (how dare Walesa degrade Poland's elections! or, this shows Lech's no democrat! or, look at what he'll do to avoid spelling out a real economic program!), he simply said nothing. To many, this silence under attack seemed wonderfully decent, even saintly. But, again, such admiration rests to a large extent on not taking the threat of Walesa's anti-Semitism too seriously. Had his rival been a truly ominous figure, Mazowiecki's aloofness

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would seem more a mark of impotence than honor.

To defend himself fully, of course, Walesa has to establish more than that his campaign of self-aggrandizement did no real harm. He has to argue that Polish democracy needed a more capable defender—to secure it not against the likes of Lech Walesa but against other challengers who might not be democrats at all. The election returns seemed to bear him out. Mazowiecki so jeopardized support for the democratic transition that he actually received fewer votes than the mysterious Stanislaw Tyminski, an almost unknown Peruvian-Canadian spiritualist-businessman who was widely thought to be working for the secret police. As the Communists themselves always say, a revolution must be able to defend itself. Mazowiecki's was not.

Postcommunist Eastern Europe

THE CHOICE between Mazowiecki and Walesa has, in a variety of forms, been posed in almost every country of Eastern Europe since 1989: it is the choice between relying on old institutions as a bridge to the new, and pushing forward hard to overturn the communist order as quickly as possible. Should the old guard be treated as potential coalition partners or as criminals? And, the crucial question, which approach does more to strengthen new democratic institutions?

The answer to at least the first of these questions is quite clear. Throughout Eastern Europe, governments that tried to follow strategies of institutional continuity and national consensus lost ground; they were either obliged to pursue more radical policies or were replaced. This was even true in Czechoslovakia, where the Communists had been thrown out in what was called the "Velvet Revolution," a slogan meant to suggest that the convulsion underway would be barely perceptible and certainly not painful. The usual revolutionary excesses would be prevented by persuading people, as President Vaclav Havel tried to do in his 1990 New Year's Day address, that everyone was to some degree implicated in the old order. By the same token, the new order would rest on the unifying principle of "culture" and have room in it for everyone.

Havel's own prestige was so great that this formula seemed to have a chance of working. And yet it soon became clear that not all Czechs subscribed to the universal-guilt thesis. They wanted visible confirmation that the revolution, velvet or otherwise, was really happening. Within months, the Havel government had to announce that it was launching investigations and trials of the Communist old guard. This retreat was important not because it showed that the revolution in Czechoslovakia had some of the attributes of revolutions everywhere but because the legitimacy of the new order would otherwise have been undermined.

If Czechoslovakia seemed the most promising place in Eastern Europe for a painless democratic revolution, Bulgaria seemed one of the least promising for self-government of any kind. While Communist regimes were falling elsewhere, Bulgaria continued to be seen in the West as having so little awareness of the outside world and such weak democratic traditions that the Communist Party might rule indefinitely on a constitutional basis. At first these expectations were borne out: the Communists came out ahead in the elections of spring 1990 and formed their own government after the alliance of liberal parties rejected a national unity coalition. A coalition, the liberals believed, could only legitimize the idea of continuing Communist leadership. Waiting for an opportunity to take on the government, the opposition organized the only successful general strike in the history of the communist or postcommunist world. In November the government fell, and a new cabinet with a non-Communist prime minister was formed a month later. By refusing to compromise and by conducting a strategy of confrontation, the liberals had made the Communists their junior, and fading, partners.

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Gorbachev and the Demagogues

THE MOST prolonged clash between moderate reformism and radical demagogy was the one carried on until last month between Mikhail Gorbachev and Boris Yeltsin. In the space of just a year and a half, they were by turns adversaries (in the spring and early summer of 1990), and then collaborators (in the late summer and early fall of that year), then adversaries once more (from the end of 1990 through April of 1991), and finally collaborators again (up to, and after, the coup against Gorbachev in August). Yet throughout this period, even when working together, they stood for deeply different approaches to changing the Soviet system, a disagreement that was not made any less basic (or any less bitter) by the hardliners' coup. To the moderate reformer, Yeltsin may always be guilty of having provoked the conservatives by pushing too hard, by overplaying his hand. To the radical demagogue, Gorbachev brought on the counter-revolution by failing to break the power of the old guard when he had the chance; he underplayed his hand.

At crucial junctures, of course, the very survival of moderate reform has depended on the support of demagogy. Last winter Yeltsin successfully halted Gorbachev's turn to the right, and the decisive factor in his victory was the recognition that the only way to fight the crackdown was through popular mobilization. This was new: until the end of 1990, the challenge that Soviet liberals had mounted against Gorbachev had been decorously minuet-like, and there was widespread uneasiness within the opposition at the idea of trying to rally the people against him. It was, after all, not fully clear how the people would answer. (The hesitation was understandable: there had not been a single large political demonstration against Gorbachev in Moscow until 1991. For all the ferment of perestroika, the big urban crowds that made the Eastern European revolutions were not yet part of the Soviet scene. The student rallies that forced the resignation of the Ukrainian prime minister in the fall of 1990 were only a partial exception and were not immediately imitated elsewhere.)

In the face of this hesitation, Yeltsin argued the case for political confrontation. As he told the Russian Parliament last December, "We have not been elected by the people to patch up peeling facades." The further Gorbachev turned to the right, the more radical Yeltsin's positions became. On the economy, he favored private land ownership; on secession, he stood with the Baltic republics against Moscow; on the role of the army, he suggested that Russian soldiers disobey orders to fire on civilians and raised the possibility of separate forces for the Russian Republic. As for Gorbachev himself, Yeltsin went on Soviet television in February to call for the president's resignation. A month later, he ran up a huge majority in the Russian Republic in favor of instituting an elective presidency—a post he clearly intended for himself.

To many of his colleagues, not to speak of his critics, Yeltsin seemed on a populist rampage.[1] His then deputy in the Russian legislature, Ruslan Khasbulatov, said recently that he especially doubted the call for Gorbachev's resignation but now recognizes that it was necessary. Provoking the army seemed riskier still. For a comparable challenge to the military, by a politician who was in no real position to see it through, one has to go back to the Kornilov affair (and Soviets know how that turned out).

[1]Foreign experts spoke up too. On March 28, the very day that the Russian Congress met to consider Yeltsin's impeachment, Stephen Cohen of Princeton expressed doubt abut the propriety of the protest rally held on Yeltsin's behalf: "Is it the right thing to do to bring hundreds of thousands of people into the street at a moment when a parliament, which is a new phenomenon in the Soviet Union, is meeting to resolve weighty issues?" It was one thing, apparently, for conservatives to attack, quite another for liberals to respond.

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Yet in April Gorbachev blinked. He sought a truce with Yeltsin in the form of a pact signed by the leaders of the nine republics that had not declared secession, and this formula—the so-called "nine-plus-one" agreement—became the basis for a new round of cooperation between the two. We may never know how Gorbachev felt about this retreat: had he grown dissatisfied with the crackdown because it was failing or because it contradicted his long-term reformist goals? The answer matters for history's ultimate verdict on Gorbachev, but it is almost irrelevant to an analysis of what caused the winter crackdown to fail. Whether Gorbachev was a firm believer in the turn to the right, or a merely a reluctant one, he abandoned the policy of repression for the same reason: Boris Yeltsin's successful demagogy.

A campaign of political confrontation had saved the good Gorbachev from the bad one. The good one's response was now to argue that the time for liberal demagogy had passed; lack of unity would only make the path of reform more difficult. Gorbachev's favorite themes were the need for what he called "civic accord" and the danger of dividing the country into "reds and whites"—communists and anticommunists. On July 25, when he addressed the Central Committee for the last time before the coup, he went so far as to warn liberals against actions that would provoke the party into further repressive measures. (He referred to these politely as "another line of behavior.") "This is by no means what society needs just now." What was needed was "moderation of emotions."

The national unity approach clearly had its advocates in the Yeltsin camp. One of the Russian president's advisers described his boss's outlook in these terms: "Anticommunist hysteria is out, replaced by an emphasis on competence and reliability regardless of party affiliation."[2] The prospect of cooperation between moderates and radicals was further enhanced by the defection of Gorbachev's former chief lieutenants, Eduard Shevardnadze and Alexander Yakovlev, who on July 1 announced the formation of a semi-oppositionist group called the Movement of Democratic Reforms. They argued that only unity among democrats offered a "realistic prospect" of success, and while the precise terms of the unity they proposed were unclear, the basic idea was not. It was to build the broadest possible reform coalition, ignoring internal disagreements that were not directly related to the task at hand. That Gorbachev himself hoped to work with this new organization was suggested by the description he gave the Communist Party in its updated program: the "party of democratic reforms."

All the same, the differences between moderates and radicals remained fundamental and they are worth sketching out to understand what each strategy contributed to the democratization of the Soviet system.

The Moderates' Reproach

THE MODERATES' case was a practical one: continuing progress toward democracy depended on flexibility and realism. The radicals' electoral victories were said to give them a stake in the effectiveness of government, and in tempering public expectations of any immediate improvement. Because the radicals would eventually be held accountable for their promises, they needed to overcome their rigid idealism and refusal to compromise, which Alexander Yakovlev last year derided in *Moscow News* as the "complex of the female student," or, in yet another abusive phrase, as "a normative approach worked up into psychosis."[3] If the radicals remained moral and political absolutists, they would only spur expectations that could not be met and that

[2]Oleg Rumyantsev, "Who is Boris Yeltsin?", *Washington Post*, June 16, 1991. Whether this was in fact Yeltsin's view is, as we shall see, unclear.

[3]Yakovlev is known in the West as one of the most sophisticated and worldly of Soviet politicians, but the sneering epithet "female student" confirms that these terms are relative.

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would constrain future policy. The people had to understand that the switch to a market economy brings unavoidable hardships, or they would not accept the pain when it came.

This critique had its logic, but it distorted Soviet political realities. The crucial obstacle to economic reform was not, as their votes showed, what the public would accept; it was what Gorbachev would accept. As long as he insisted on splitting the difference between the reform proposals of market economists and those of his conservative bureaucrats, liberals could only benefit from their unwillingness to compromise with him. When asked in late summer 1990 to choose between the Shatalin-Yavlinsky "500 Days" plan and the program of then Prime Minister Nikolai Ryzhkov, Gorbachev's verdict was: combine them. When asked, in the early summer of 1991, to choose between the reformulated Yavlinsky plan and Prime Minister Valentin Pavlov's so-called "anti-crisis" program, he had the same advice again: combine them.

BECAUSE Gorbachev's prime minister always had a veto over proposals for rapid marketization, liberals correctly sought to highlight their differences with the government. They would have gained nothing from supporting heavily negotiated programs that they did not think would be either successful or irreversible. Had Yeltsin, for example, pieced together a compromise "500 Days" plan last year, he would have been held at least in part accountable for this year's economic collapse. The damage done would have been more than personal. The public would have had reason to conclude that the painful transition to a market economy was, in fact, all pain and no transition. Likewise, conservatives would have found it far easier to argue that all marketization plans are equally unworkable. It was precisely because no successfully fudged compromise plan emerged last year that moderates like Yakovlev and Shevardnadze began to radicalize their economic programs this year.

Scolding their radical colleagues for short-sightedness, Soviet moderates offered a further critique of the long-term effects of the demagogic style: playing on popular anger might bring good returns for a while, but the picture was likely to change as other, less principled players joined the game. A supercharged political atmosphere does give illiberal demagogues opportunities they would not otherwise have. This is why moderate reformers began to worry openly about the rise of political "speculators" who would be able to outbid the more responsible competition. The moderates said to the radicals, in brief: live by the crowd, die by the crowd. Shevardnadze warned in July (and his phrase was a very common one) that in a deepening social crisis "someone completely unknown" could come to the fore of Soviet politics—unless reformers unite.

Like much of their case, this theme reflected the growing political isolation of moderate reformers, but it fit the facts only loosely. The elections of the past two years did not confirm the fear that an angry people would support the angriest candidates. Extreme Russian nationalists, to take just one example, did very poorly in the parliamentary elections of 1990. In the Russian presidential election in June 1991 the vote for Vladimir Zhirinovsky, an admitted demagogue who tried to combine nationalist themes with economic grievances, was less than 8 percent. And even if one were disturbed by Zhirinovsky's showing (and some people claimed to be), it was the moderates rather than the radicals who needed to think hardest about its implications. They were the ones who suffered most from his presence in the field. The only candidate who could fairly be called a moderate reformer—former Interior Minister Vadim Bakatin—was also the one who fell furthest short of expectations. He was the contender most closely identified with Gorbachev's reforms, and was regarded as Gorbachev's favorite in the race. Bakatin got just 3 percent of the vote; Yeltsin, by contrast, drew 57 percent.

It was moderates, then, who had made

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themselves most vulnerable to outbidding by illiberal demagogues. Yeltsin was comparatively immune: he was not going to be derailed by jingoistic candidates promising lower vodka prices as long as he kept control of the most potent demagogic issue of Soviet politics—anticommunism. The Polish presidential elections had, of course, conveyed the very same message: Tyminski's victim was not Walesa but Mazowiecki. In both cases, the politician who died by the crowd was the one who had never lived by it.[4]

Continuity and Coups

PERHAPS the most important difference between moderates and radicals concerned the future of the party and state bureaucracy. On this issue, their timid positions of the past put the moderates on unusually weak ground. Yakovlev, for example, was the most consistently liberal voice to which Gorbachev listened over the past six years, and yet his public statements gave an inkling of how gradualist his private advice must have been. Just last year he reproached the radicals for their obsession with breaking up the bureaucracy. For him, it made no sense to treat the entire "stratum of management and administration as despotic because it used to be such." After all, he said, "democracy is nothing without professional and highly qualified management." Here Yakovlev echoed Mazowiecki (as well as Pipes on Kerensky): if things are to improve, hothead amateur politicians should stand aside. "Professionals must take over." As a purely practical matter—and here the defeatism of the moderates shone through—reformers should see that "it is impossible to crush the apparat."

Yeltsin made clear what he thought of this argument by issuing his decree of July 20, 1991, which provided for the disbanding of Communist Party organizations in all state institutions located on the territory of the Russian Republic, including industrial enterprises. The stated goal: "to prevent interference. . . in the activities of state bodies." In fixing his name to such a document at the very moment that his negotiations with Gorbachev on the Union Treaty were bearing fruit, Yeltsin showed that he did not intend to let cooperation in one area dilute his authority as the Soviet Union's most single-minded and effective basher of bureaucrats and party hacks. The rhetoric with which he defended his action suggested a real relish for the fight—and an awareness that it gave him political credibility that he could not afford to sacrifice. "It's time you stopped hampering our reforms!" he told a group of hardline conservatives. "Those in the way should go."[5]

The July 20 decree showed that Yeltsin intended to increase rather than ease his pressure on Gorbachev to implement a radical program. By zeroing in on the party apparatus, he selected an issue on which popular sentiment was well known and Gorbachev's dithering was of long standing. Yeltsin also showed that he could force other putative reformers to choose sides. Gorbachev obliged by putting himself once more at the head of the reactionaries, promising them that he would veto Yeltsin's measure with his own decree. Shevardnadze and Yakovlev, by contrast, issued a statement supporting Yeltsin: they had been

[4]Zhirinovsky has something else in common with Tyminski: he was widely seen as a creature of the secret police. The KGB, it seems, was using the Russian election for a little market research: could a candidate openly appealing to lower class resentments cut into Yeltsin's vote? This time the answer was no, but the research went on: Zhirinovsky said he would run next for president of the USSR. (Tyminski has also formed his own party, to be known simply as "X.")

[5]Yeltsin first made a national reputation as a critic of party privilege, while Gorbachev has always been curiously obtuse about it. In February 1990, immediately after the CPSU's historic decision to surrender its constitutional monopoly of power, Gorbachev dismissed the whole subject: "What privilege does a party organization secretary's post afford him? The privilege of rushing around day and night?" (*Pravda*, February 12, 1990).

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maneuvered into a more radical position than they probably expected. Yakovlev had earlier said of their new movement that it would "not be confrontational in character." Yeltsin was making him think again.

For anticommunist demagogues, the party apparatus was at one and the same time all-vulnerable and all-powerful—an irresistible target. Their new foothold in government did not mean that the radicals had to work with the bureaucracy, but exactly the opposite: they had to confront it. They believed that otherwise they would become mere figurehead rulers—enjoying "popularity without power," in the words of one Soviet commentator. The residual influence of the apparat loomed as large as any other problem in the thinking of elected liberal leaders. Leningrad Mayor Anatoly Sobchak, hardly a radical by temperament, compared the precariousness of the democrats' position to that of Nicholas II: the last czar was unable to keep his officials from acting in a way that made czarism unbearable to his subjects. And because he could not control the bureaucracy he was responsible for reducing the country to Bolshevism. This, said Sobchak,

> is a lesson for a democrat who, upon finding himself at the head of a city, a republic, or even the country as a whole, acts in a shilly-shally manner. The System may adroitly prod him towards adopting decisions which can lead to catastrophe. The System can take a decision behind the back of a spineless or credulous leader. For what it thinks about is not the people's benefit. . . . It thinks solely about preserving its own wealth. It is really a machine and, like any thinking machine, it is inhuman. God, man, blood, conscience, shame—it refuses to accept all of these. The System may provoke a bloodbath behind the back of a democrat-reformer. He will not have the slightest chance to wash away the blood that was spilt and to prove his non-participation.[6]

For Soviet liberals, the certainty of being sabotaged by the old apparat made the theoretical advantages of institutional continuity irrelevant. For them, the fact that Gorbachev did not acknowledge this simply attested to the futility of his kind of moderation.

NOWHERE was this futility more evident than in his attitude toward the very institutions of the old order that posed the greatest potential threat to reform: the military and the police. Long before August, the men who ran these institutions had made their opposition to Gorbachev's policies known: in private meetings, in strident public declarations, and in a bizarre effort in June to stage a parliamentary vote stripping him of his powers. Yet he took no visible action of any kind against the participants in the conspiracy against him. He jocularly referred to what had happened as a "coup," and even offered feeble public excuses for its instigators.[7]

Gorbachev had, in effect, over-learned the lesson of Kerensky's mistake: keep the existing institutions of the state on your side, for what really counts is force, not popularity. This strategy was doomed. When the chieftains of the old order turned against him at last, he had only the popularity of someone else to rely on.

For his part, Yeltsin had also been wary of pushing the military too far and sought to show that he was prepared for some sort of working relationship with them: he accepted a deputy chief of the general staff as his "defense minister," named a decorated veteran of the Afghan war as his vice-presidential running mate, worked out a division of labor between the unionwide KGB and his own government. To avoid yet another confrontation, Yeltsin chose not to apply his July 20 ban on party cells to the military, acknowledging that this issue would have to be addressed by the All-Union Supreme Soviet.

For Gorbachev, propitiating the generals was a strategy; for Yeltsin, at most a tactic.

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[6] *Moscow News*, No. 48, 1990, p. 15.

[7] See Jeremy Azrael and Sergei Zamascikov, "The Enemies Within," *New York Times*, August 4, 1991.

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Doing so might help to defuse tensions between the Russian president and the military, but it offered far less effective protection against a coup than his broader strategy of cultivating mass support. The hesitation of the August coup leaders to arrest Yeltsin at the same time that they arrested Gorbachev was perhaps the ultimate tribute to what he had achieved: he had made himself too powerful to touch. This was, of course, only their first mistake: they also miscalculated their ability to hold together the institutions that were nominally under their control. When demagogic power took on institutional power in the streets of Moscow, the Soviet state disintegrated.

Within days, the result was a more complete rout of the old order than would have occurred if the conservatives had not acted at all. Curiously enough, this was the precise forecast they received just weeks before the coup by Gorbachev's closest supporters. At the July session of the Central Committee, Anatoly Lukyanov, the speaker of the Supreme Soviet and a longtime associate of Gorbachev, appealed to the body not even to think of trying to oust him as head of the party. Were the president of the USSR to cease being the general secretary of the CPSU, Communists would be left defenseless at the hands of elected democrats across the country. The result said Lukyanov, in words that echo very loudly now, would be awful: a "pogrom against party organizations."[8]

Before the coup, then, the prospect of having to face down wild-eyed, Communist-hating radicals gave Gorbachev and his supporters additional arguments against hardliners who were spoiling for a fight. When the coup came, the hardliners were defeated because Soviet democracy had acquired a popular base that Gorbachev himself had never been able—or willing—to give it. In the end, both Gorbachev's crackdown of last winter and the hardliners' revolt of August had the same bottom line: moderate reformers could not survive without the support of radical demagogues.

The events of this year may at last put an end to one of the sillier ideas that had crept into discussion of Soviet politics: the so-called "Pinochet model." This was the voguish comparison between the Soviet Union and other states—Chile and South Korea among others—that had made their breakthrough to democracy by way of military rule, under which a capitalist middle class took shape and the unappeasable conflicts of the past were forgotten. Exponents of this neo-authoritarian scenario, which included both Soviet and Western analysts, insisted that in the Soviet Union only a very repressive regime would be strong enough to deal with the social tensions created by rapid marketization.[9]

Both Gorbachev's own hard line and, still more so, the August coup exposed a huge problem with the "Pinochet" scheme: the only institutions able to enforce it had no interest in promoting the liberal result that its authors desired. At the same time, the mobilization of radical forces showed that liberalism was not so feeble as the neo-authoritarians had insisted. By rallying the people, Yeltsin and his allies showed that a Soviet liberal regime might—like its Eastern European counterparts—be strong enough to enforce its policies. It was a reminder that, in a revolution, force is not the only form of power.

Illiberal Demagogues

ANYONE who sets out to praise liberal demagogues takes the risk of seeming to praise demagogues of all kinds—a serious mistake in writing about the Soviet Union and Eastern Europe. In the unfolding

[8]Yeltsin's radicalism may have helped Gorbachev before. One of the most insightful journalists covering Soviet politics, Giulietto Chiesa, argues that at the 1990 Communist Party Congress conservatives were frightened by Yeltsin's warnings about possible future trials of Communists and turned to Gorbachev for protection. (*Problems of Communism*, July-August 1990, p. 33.)

[9]See Jerry Hough's testimony before the House Foreign Affairs Subcommittee on Europe, July 9, 1991.

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disintegration of Yugoslavia, for example, the most important single role has been played by the president of Serbia, Slobodan Milosevic, who for our purposes can only be categorized as an illiberal demagogue. After taking control of the Serbian Communist Party in 1987, he succeeded in giving it a thoroughly nationalist coloration and in December 1990 was able to win a crushing victory in the republic's presidential election. Insisting that Yugoslav federalism was created by Tito largely at Serbia's expense, Milosevic quickly brought two previously autonomous provinces—Vojvodina and Kosovo—under firm Serbian control. More recently, in the bloody guerrilla war waged by Serbian military and paramilitary units inside Croatia, he has again played an inciting role.

What sets Yugoslavia's break with communism apart from the other Eastern European revolutions is that it was achieved without any real role for *anti*communism. The country went straight from a decentralizing reformism to divisive nationalism. Grievances against the Communist Party were unimportant enough that its leaders were able to become nationalist heroes not only in Serbia but even in Slovenia, the most Western of Yugoslavia's six republics. Moderate reformers—above all, the federal Prime Minister, Ante Markovic—eventually became irrelevant bystanders to ethnic conflicts whose spread they could do nothing to stop.

The absence of anticommunism in Yugoslav politics may seem a mere curiosity, but it is more than that. It means that opposition to the old order has been ethnic rather than ideological. Yugoslavia has, in other words, no liberal demagogues— no politicians able to rally popular support for holding the country together on a democratic basis. They were pre-empted for many years by the seeming success of moderate reform and, subsequently, by ethnic particularism. As a result, the only serious electoral rival to Milosevic last year turned out to be another Serb nationalist. When armed force was used to break up peaceful demonstrations in Belgrade last spring, a burst of anticommunist protests gave hope that liberalism had a constituency after all. But no existing politicians were in a position to exploit (or perhaps even to understand) the opportunity. Milosevic had so successfully defined Serbian politics in ethnic terms that he quickly refocused public attention on the conflict with Slovenia and Croatia.

The horrors of the Yugoslav case have seemed a mere foretaste of what might be in store in the Soviet Union. Developments in some of the non-Russian republics do bear striking similarities to the Yugoslav pattern—in particular, the use of ethnic minorities as pawns in increasingly violent paramilitary struggles. The outstanding example is Georgia, whose president, Zviad Gamsakhurdia, has accused Moscow of arming the Ossetian minority so as to foment a Georgian civil war and cripple the drive for independence. He has referred to the Ossetians as "guests" in Georgia and threatened to deport them and other minority groups. Elsewhere in the Soviet Union, ethnic minorities have provided similar material for outside manipulation. In the Baltic republics, for example, Soviet military bases have provided organizational support for demonstrations and strikes by ethnic Russian groups; alleged violations of the rights of Russians were also among the pretexts for the military crackdown in Lithuania and Latvia in January 1991.

In such confrontations, separatist leaders have won strong popular support by proposing to wage the battle with Moscow on the all-out terms that Moscow itself employs. Gamsakhurdia (whose rhetorical style is typified by his demand that Communists "be chopped up. . . . burned out with a red-hot iron of the Georgian nation") was the choice of 86 percent of voters in last spring's elections, and his critics charge that a personality cult and press censorship are taking hold.

These cases reveal two types of illiberal demagogue: Communists who become nationalists to survive, and nationalists who have to battle Communists to survive. Whatever the origin, there is no denying the result, and it has in fact led many to consider nationalism inherently illiberal. President Bush him-

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self came close to expressing this view when he lectured the Ukrainian Parliament on August 1 about the threat to freedom posed by "suicidal nationalism based on ethnic hatred." There could have been no worse spot than Kiev to deliver this message, for—whether intentionally or not—it implied a grossly unfair criticism of the Ukrainian opposition movement *Rukh*. *Rukh*, as it happens, provides strong support for the proposition that anticommunism tends to liberalize nationalism. The movement is passionately hostile toward Moscow; toward minorities, its policy is a model of tolerance (and in a culture whose tolerance is by no means ingrained). It is hard to avoid the conclusion that Bush ignored *Rukh*'s moderate nationalism primarily because he considers its principal goal, Ukrainian independence, to be inherently extremist. But, paradoxical as it may seem, the two halves of *Rukh*'s program—inclusiveness and separatism—are mutually reinforcing. Tolerance helps to neutralize the attempts of the "empire" to use non-Ukrainian minorities as levers of political control. And anticommunism helps to build a national identity that is not simply ethnic. If the Ukraine evolves successfully toward democracy, liberal demagogues—liberal *nationalist* demagogues, at that—are likely to deserve much of the credit.

The Defense of Liberty

ALMOST thirty years ago, a candidate for the presidency of the United States horrified a national political audience by suggesting that extremism in the defense of liberty was no vice. There was as much sham as shock in the reaction to this remark, but the basic objection to it was reasonable enough. Extremism weakens the underlying consensus that a working democracy needs. Losers find it too hard to accept defeat, winners find it too easy to press their advantage.

This objection can hardly have the same force in societies that are trying to break down totalitarian institutions and make democracy work for the first time. In carrying out such a revolution, liberal anticommunist demagogy helps to solve three separate problems with which moderate reformism has usually been unable to cope. It sustains popular support, by giving the people, who are asked to endure severe economic hardship, reason to believe that the changes underway will not be so heavily compromised that they cannot succeed. It also intimidates the guardians of the old order, who may otherwise think that the revolution can be undone by some combination of bureaucratic sabotage, strong-arm methods, and stalling. Finally, it gives new democratic leaders the enduring legitimacy that enables them to thwart rival demagogues who seek power for illiberal ends.

The peoples of the old Soviet Empire have been blessed with the opportunity to make one of history's great revolutions by unexpectedly peaceful means. They have discovered, however, that there is sometimes only one way to protect a peaceful revolution, and to keep it moving forward. With an ax.□

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The Headquarters Nation

Leon Hollerman

JAPAN MAY soon dominate the world economy—but not as a result of a conspiracy. Its strategy is not written down in any of its official planning documents or in the "Visions" published from time to time by the Ministry of International Trade and Industry (MITI). Rather, it is implicit in Japan's national interests, national goals, and institutional arrangements for achieving those goals.

Japan is a centralized society that pursues the goal of comprehensive security by making the country a "headquarters nation" in the world economy. As I shall use the term, a headquarters nation is one that has a global economic and political strategy based on its authentic national interests, that mobilizes and integrates its public and private sectors on behalf of those interests, and that implements its strategy by the establishment and coordination of global institutional arrangements. Japan's headquarters strategy is not a policy of world domination; no nation has been coerced into accepting its leadership. The nations that accept Japan's guidance, trade, finance, and direct investment do so willingly out of self-interest. In serving their own aspirations, they serve those of Japan.

Leon Hollerman is a professor at the Claremont Graduate School and a visiting scholar at the Hoover Institution on War, Revolution, and Peace.

This view conflicts with that advanced by Karel van Wolferen in his influential book, *The Enigma of Japanese Power*, which sees Japan as a paralyzed entity incapable of generating a global strategy. Van Wolferen's important work sheds light on the dark side of Japan's postwar "miracle." However, his analysis of the sources and uses of power in Japan is preponderantly political rather than economic. The imbalance needs to be redressed.

According to van Wolferen, the Japanese "system" is a "truncated pyramid" composed of semiautonomous groups that share power in a mutually offsetting way. He asserts that the contending power centers can only stalemate each other; none is able or allowed to upset the balance by superseding others, none bears responsibility for national decision-making, and the power centers cannot be mobilized collectively. They not only "lack a mechanism to set new priorities" but they cannot even set a common direction at the outset because "no one is ultimately in charge." Externally, Japan seeks turf in a mere "politically motivated drive for ever greater international market shares." In short, Japan's foreign policy is a reflection of its domestic turf battles.

Van Wolferen's thesis is inconsistent with both his own views and recent history. For example, while insisting on the absence of a central policy-making machinery in Japan and thus on its inability to change course,

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he simultaneously subscribes to Chalmers Johnson's concept of Japan as a "developmental state" that undertakes responsibility for economic modernization. But such a state must have both central direction and the capacity for coordinated policy change. Profound and deliberate changes in Japan's national policy of the kind implied by the term "developmental state" have indeed occurred during the postwar period. Until the OPEC oil embargo of October 1973, for example, it was consistent with Japan's strategy to maintain the "separation of economics from politics." As a result of the embargo, however, it hastily combined the two, announcing its pro-Arab, anti-Israel policy on November 22, 1973. Since then, Japan's international economic relations have become increasingly politicized as it has adopted a "high posture" and assumed geopolitical initiatives in accordance with its emergence as a headquarters nation. Other examples of central policy changes include Japan's partial shift from export promotion to import promotion in foreign trade,[1] and the dramatic liberalization of the Foreign Exchange and Foreign Trade Control Law in December 1980. Changes like these demonstrate conclusively that Japan *does* have a national strategy and the instruments with which to pursue it.

The Domestic Base

THE "ENIGMA" of Japan's power, as described by van Wolferen, can be dispelled by recourse to the economic concept of oligopoly, defined as a market dominated by a few large suppliers. Economic concentration in Japan has produced enormously powerful firms and a society controlled by oligopolies. Japan's government is itself an oligopoly, dominated by a few major players, and this small group of political power centers interacts with the power centers of big business. The Japanese pyramid is *not* truncated: its summit consists of this collusive oligopoly.

Japan's institutional arrangements reflect the structure of its national interests. In contrast with some other countries, Japan takes its national survival and independence pretty much for granted. But it is obsessively concerned with achieving economic stability and security. As expressed in a phrase attributed to the late Prime Minister Masayoshi Ohira, it seeks "comprehensive economic security." That concept includes security in national defense (provided by its treaty with the United States); stability in its foreign markets and sources of supply; suppression of financial, technological, and political risk; and a position of acknowledged leadership in both a regional and a global context. Japan's passion for security arises from its extreme dependence on the world economy. After World War II, the slogan "Export or Die" explicitly affirmed that no domestic policy could be formulated without reference to its international implications.

At the outset of the American occupation under General Douglas MacArthur, rules placing the Japanese economy "off limits" to foreigners were established. During Japan's recovery and rehabilitation, foreigners were not allowed to acquire real estate or engage in domestic business; they were not even allowed to engage in foreign trade with Japan without the intervention of occupation authorities. These central controls were elaborated and augmented by the Japanese bureaucracy to which they were bequeathed following the occupation. Reinforced by prewar and wartime precedents, the comprehensive control assumed by Japan's ministerial bureaucracy set the tone for its postwar economic policies. Foremost among these was an industrial policy that was implemented on

[1]Both the name and the mission of the Japan Export Trade Promotion Agency have been changed. In 1961, its acronym was redefined as the Japan External Trade Organization (JETRO), and its mission was changed to "import promotion." The new policy was accentuated by Japan's "self-restraint" in the adoption of export quotas. These quotas were consistent with the policies of expatriating production of items under quota.

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both the domestic and international planes. This represents the operational core of Japan's strategy as a headquarters nation.

Japan's industrial policy was not designed to identify "winners and losers"—as defined in American terms—among individual firms and industries. Rather it was meant to identify and develop "key industries" that were important not only in terms of their own products but because of their active or potential control of "downstream" industries for which those products are essential. In the early postwar period, these industries were primarily "materials" industries that were highly dependent on imported raw materials—particularly steel, nonferrous metals, chemicals, ceramics, paper and pulp, gravel, and textiles. Later, under the impact of the oil crises and rising energy costs, the materials industries were superseded in Japan's industrial structure by the "fabricating and assembling" industries—including transportation equipment and general, electrical, and precision machinery. Facilities of the materials industries were scrapped, with legislation being passed to facilitate the process.

IN 1960, MITI decided that computers were essential to the centralization and control of Japan's communication networks. Accordingly, the government took the risk of investing heavily in research and development and in plants and equipment. Without such support, the infant companies would surely have collapsed on several occasions. In creating the computer industry, MITI demonstrated the role of government in a headquarters nation in an even more essential respect: it compelled the assistance of IBM. As a condition for allowing IBM to manufacture computers in Japan and to repatriate its profits, not only was the number of machines it could sell severely limited, but IBM was obliged to release its patents to Japanese companies. Shigeru Sahashi, MITI vice minister, is reported to have advised IBM that "We will take every measure possible to obstruct the success of your business unless you license IBM patents to Japanese firms and charge them no more than a 5 percent royalty."[2] This was "Japan, Incorporated" in action with a vengeance.

By 1980, Japan's high-technology priorities included nuclear power, aircraft and space technology, ocean development, life science, computer software, systems engineering, and new data processing systems. These involved great technical risks and huge investments over a long period of time. *Keidanren*—the Federation of Economic Organizations, Japan's foremost organization of business interests—requested that the government expand its science and technology budget to provide greater support to the private sector.[3]

Economic concentration and cartels in the domestic economy—including their associated networks of privileged information, contacts and channels—provide the underpinnings for transposition of Japan's industrial policy to the international arena. From the early days of the post-occupation period, the Japanese government took steps to promote economic concentration both in its own

[2]Martin Fransman, *The Market and Beyond*, (New York: Cambridge University Press, 1990), as reported in the *Financial Times*, June 8, 1990.

[3]*Keidanren* represents big business rather than small or medium-size enterprises. Its membership includes over 100 organizations representing major industries (such as manufacturing, banking, insurance), regional interests, and approximately 800 of the major individual corporations of Japan. *Keidanren* performs research on domestic and international issues as a basis for recommendations to government agencies, often takes initiatives and adopts positions in foreign as well as domestic affairs, and acts as a mediator in disputes among major interest groups. It has a close relationship with the dominant Liberal Democratic Party, to which it makes substantial financial contributions, and, within the government, collaborates most closely with the MITI. Its junior rival is the Japan Committee for Economic Development, whose members are individuals rather than organizations or firms.

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interest and in the interest of the private sector. For efficiency and convenience, the government prefers to coordinate its policies with large rather than small units in the private sector (large firms being more useful in conveying the government's policies downward in the industrial hierarchy). Similarly, the government favors cartelization of markets, because cartels facilitate the maintenance of covert government control.

Within Japan, most market sectors are rigidly controlled by distribution cartels organized by manufacturers. These are known as "Fair Trade Councils" and are authorized by the Japanese government to establish marketing practices that preclude entry by domestic outsiders as well as foreign rivals. The cartels are comprised of loyal distributors, as for example in the wholesale and retail networks controlled by the Suntory Company or the Matsushita Electrical Industrial Company. They are adept at maintaining control by the manipulation of bottlenecks, such as warehousing and transportation facilities. Well-established relations among importers, warehousers, and truckers often make it impossible for foreign firms to store or transport their products within Japan. This is a clear example of adversarial trade on the import side, arranged by collusion between government and business.

Following the occupation, one of Japan's earliest priorities was regrouping the dismembered *zaibatsu*—the large industrial and financial "cliques" formed during the Meiji era and coordinated by their top holding companies (a device that was banned during the occupation and remains illegal). The successors to the prewar *zaibatsu* are the *keiretsu*, which are usually coordinated by a trading company or bank, but may also be coordinated by presidents' clubs, interlocking directorates, and cross-shareholding arrangements. The major *keiretsu* include Mitsubishi, Mitsui, Sumitomo, Fuyo, Dai Ichi Kangyo, and Sanwa. In their international power, they far transcend the prewar *zaibatsu*, especially in terms of their global financial and trading company capabilities. Among their incentives for collaboration with the government is the fact that they implement, and profit from, Japan's policies as the world's leading provider of foreign aid.

MANY OF Japan's instruments for market domination are applied collusively within the oligopoly structure of its *keiretsu* networks. Their enormous competence may be defined in terms of their scale, their diversity, their privileged access to capital, their management and organizational capabilities, and their information sources. Strategically, the *keiretsu* take cognizance of the fact that, for purposes of control, dominance in distribution and finance is often more important than domination at the manufacturing level. This is why *keiretsu* themselves are usually coordinated by either a trading company or a bank. Japanese trading companies perform the coordinating function with the help of exclusive information "channels" and global communications facilities that rival those of the Pentagon. In their collective mode of operation, the *keiretsu* share the risk of major projects as well as the profits.

Another institution, the *sogo shosha*, or general trading company, has recently ventured from its traditional functions of information gathering and brokering into new fields, including manufacturing, development projects, and managerial and consulting services. As the eyes, ears, and arms of the Japanese government, the *sogo shosha* and the financial institutions of the *keiretsu* bestride every one of the world's rising regional blocs.

Another step toward economic concentration came in the early 1960s when the government promoted a flood of mergers based on the rationale of achieving economies of scale, reducing "excessive competition," and generating business power equivalent to that of giant American firms. From the point of view of industrial policy, it was argued that maintaining free competition in the domestic economy would handicap Japanese exporters in foreign markets where free competition did not prevail. Likewise, in cooperation with

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MITI, the policy of the Ministry of Finance was to create fewer, bigger, and stronger banks to meet foreign competition at home and abroad. Deregulation in banking was regarded as a license for the largest banks to squeeze and swallow their minor rivals. As a result, Japanese banks participated prominently in the merger and acquisition movement in Europe and America in the 1980s.

An Adversarial Strategy

IN A STRATEGIC context, Japan's international industrial policy forms a natural counterpart to its policy of unbalanced growth in the domestic economy. Ever since World War II, the Japanese government has promoted the construction of industrial plants at the expense of infrastructures or higher living standards. The resulting economic imbalance stimulated savings and commercial investment which, in turn, gave rise to export-oriented output. This has been the dynamic core of Japan's economic "miracle." In accordance with the transformation of Japan's industrial structure, the surpluses generated by these policies are now being invested abroad.

Japan's enormous trade surpluses, which far exceed those of OPEC in its most opulent years, have been bitterly resented by the United States and other nations as having been gained partly by unfair methods. Today Japan's headquarters strategy is to recycle its surpluses in the form of foreign investments and foreign aid, both of which increase its control of world economic networks and its policy influence in advanced and developing nations.

Japan's current account surplus has been achieved by free market as well as by oligopolistic or anti-market means. The Japanese have been extremely efficient in identifying market opportunities, especially for products with rapid growth and high volume potential. They realize these potentialities partly by excellent management, research and development, quality control, inventory control, and other well-known instruments of Japanese competitive power. Partly, however, and to an increasing extent, Japan's oligopolistic business community wages economic warfare both by adversarial trade and adversarial investment, and it does so with the aid of the Japanese government. If "Japan, Disincorporated" describes Japan during the phase of partial economic liberalization under American pressure in the 1970s and 1980s, then "Japan, Reincorporated" may symbolize the emergence of Japan in the 1990s as a headquarters nation.

Whether "Fortress Europe," "Fortress America," or any other discriminatory bloc is formed, Japanese institutions will be found within every one of them. Thus in its headquarters strategy Japan is prepared to play the global game either in a regionalized or in a wholly multilateral world economy. Japan can already be seen as an insider in the proposed U.S.-Canada-Mexico free trade arrangement—Japanese producers, for example, are expanding their operations in Mexico to produce goods for sale in the United States and also parts for Japanese car and electronics companies. Of course, American firms are likewise represented by their own establishments abroad. These, however, are not supported by government policy and the United States does not sponsor government cartels for the benefit of exporters. (SEMATECH, a projected high-tech research consortium to be sponsored by the U.S. government, is an example of an abortive American effort to imitate the Japanese.)

The Japanese government guides Japanese firms in choosing foreign direct investment locations and helps them establish their businesses abroad. For the guidance of prospective Japanese investors in America, information is collected by the Japan External Trade Organization (JETRO). JETRO keeps track of the location of Japanese investment in the various states, the nature of investment, and the extent of available subsidies. The government discourages the "overpresence" of Japanese investment in particular localities. The Japan Export-Import Bank collects information about the intentions of various

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state governments. The bank is now authorized to extend loans for large projects abroad at either the government or private company level. In Europe, information is comprehensively collected by Japanese trading companies, Japanese international banks and securities houses, and Japanese government agencies that maintain representative offices abroad.

At the private level, major Japanese firms set up listening posts and representative offices in Europe. Many of these do no business but merely collect information. For example, the Chubu Electric Power Company of Nagoya, which sells no electricity in Europe, has a representative office in London. At the government level, the Japanese Ministry of Finance, the Japan Export-Import Bank, and other official agencies have offices in Europe whose function, according to a Ministry of Finance official in London, is to "keep a close watch on developments." The trading companies are well established in every major European center. Mitsui, for example, has fifty subsidiaries in the EC region. (In future, most trading company activity in Europe will be in foreign direct investment rather than in trading.) In Tokyo, the Japanese government coordinates Japan's entry into Europe. Guidance and advice are provided by the Economic Planning Agency, MITI (which is creating a pan-European division), the Export-Import Bank, and others. Besides major firms, small- and medium-sized firms are also assisted in choosing foreign investment locations and in making contacts, and sometimes these smaller firms serve as guinea pigs for large patron firms.

The oil crises of the 1970s strengthened Japan's resolve to control its own sources of essential imports by means of foreign direct investment and foreign loans. MITI utilized the rise in the price of oil to promote one of the main goals of its industrial policy, namely the transformation of Japan's economic structure in favor of high technology industries that require fewer inputs of imported raw materials. Adversity was thus used to work in favor of Japan rather than against it. The domestic transformation was collateral to Japan's international strategy of expatriating its declining low- and medium-technology industries. This strategy was further abetted by the world trend toward regionalism and protectionism which has likewise promoted the expatriation of declining industries.

For example, Japan seeks to phase out its export surplus in trade with the United States before the latter adopts rules for "reciprocity." For similar reasons Japan is rushing into Europe. First, Japan seeks to establish insider positions before the European Community's "transitional period" begins—a period in which outsiders will be restricted while economic concentration and economies of scale are being pursued and market shares assigned. Second, Japan seeks an insider position in Europe in order to reduce dependence on America as its principal export market. Indeed, Japan aims to export to America from Europe, as well as to Europe from America, thus reducing its own surpluses and shifting the locus of trade friction elsewhere. This is part of Japan's strategy for indirect, as opposed to direct, confrontation with the United States and Europe.

THIRD, Japan's race against time in Europe is conditioned by its rivalry as well as collaboration with Germany, which may transcend its bilateral rivalry with the United States. By the mid–1980s Japanese firms—which normally prefer to design plants according to their own specifications and corporate culture—were displaying their pragmatism by performing mergers and acquisitions and arranging joint ventures with partners in Europe. The joint venture between Mitsubishi and Daimler-Benz proposed in 1990 is an example. By January 1989, according to JETRO, there were 411 Japanese companies operating in Europe, about triple the number in 1984. During 1989, Japanese firms performed 114 mergers and acquisitions in the EC, an increase of 81 percent over the preceding year. This rush into European investment contrasts dramatically with Japan's traditional procedure of

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step-by-step and case-by-case deliberation in major policy decisions, and is further evidence, if it were needed, that organized change in policy direction is indeed possible in Japan.

Judo and Go

JAPAN'S strategies often utilize the techniques of *judo* (using the strength of the adversary against him) and *go* (avoiding a frontal attack but probing the adversary's weak spots, surrounding and outflanking him until he is squeezed into submission). Employing *judo* in the face of rising American protectionism, for example, Japan utilizes America's chief strength—its democratic institutions and relatively open economy—to gain advantages for Japan's economic and political interests. In Washington, it has the largest lobby of any foreign government, enabling it to exercise political influence such as no foreigner could aspire to in Tokyo.

Another example of *judo* technique is the way Japanese firms have induced American state governments to compete with each other in the size of the subsidies they offer to attract Japanese investment. Out of self-interest, Japanese firms would perform an identical amount of investment in more or less the same locations without any subsidies whatever. But in Kentucky, at a cost of $212 million, a Toyota plant was subsidized with new roads, low-cost loans, employee training, and 1,500 acres of free land. Elsewhere, Japanese investment has been subsidized with tax privileges, industrial development bonds at low interest rates, special schools, and other incentives.

In foreign markets as well as domestically, Japan applies the tactics of collusive oligopoly in various forms, including dividing markets and fixing prices. For example, in the fork-lift truck industry, "Toyota, the biggest Japanese producer, and Nissan, the biggest exporter to the U.S., shared out the market in an organized way. Toyota based operations in California to reach the western part of the U.S., while Nissan set up in Kentucky to do the same in the east." While prices were being driven down, among their U.S. competitors "retreat has been their chief response."[4]

Concerning another form of collusion, the Oversight Subcommittee of the House Ways and Means Committee opened hearings on July 10, 1990 to ascertain whether Japanese oligopoly activities in the United States extend to tax evasion and tax avoidance, by means such as transfer pricing (shifting profits from one subsidiary of a multinational company to another by shipping components between the subsidiaries at prices that are artificially low or artificially high). According to the *Wall Street Journal*, while the sales of Japanese-owned companies rose nearly 50 percent in 1987, the reported income on which they paid taxes dropped by two-thirds.[5]

ADVERSARIAL trade practiced by Japanese oligopolies includes efforts to annihilate foreign competitors by dumping. Japanese dumping accomplished the virtual extinction of all non-Japanese DRAM (dynamic random access memory) producers both in the United States and the EC during 1984–1986. After September 1985, when the dollar depreciated by about 50 percent in relation to the yen, Japanese producers cut their dollar prices drastically in order to maintain market share until they could supply the American market from their expatriated plants.

Adversarial investment is a counterpart of adversarial trade. In one of its varieties, it takes the form of investment in overcapacity. Moreover, despite existing worldwide excess capacity of more than eight million cars a year, in June 1990 Toyota announced plans to increase its worldwide production by nearly a third to six million cars a year. Similarly, in June 1990, ten of Japan's largest chemical producers threatened to create significant overcapacity in the production of ethylene by planning to increase their facili-

[4]Nick Garnett, in the *Financial Times*, July 29, 1987.

[5]*Wall Street Journal*, July 10, 1990.

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ties for output of an additional three million tons. In 1988, at a record high, Japan's total production of ethylene amounted to five million tons.[6] In one way or another, deliberate investment in losses for the sake of ultimate domination of an industry is one of the characteristics of Japan's headquarters strategy.

An illustration of the application of *go* tactics can be seen in the practice known as "patent flooding," admissible under Japanese law but not under American. When a foreigner files for a patent in Japan, he finds that the contents of his patent application become public information, whereas in the United States the contents of a patent application are secret. Since processing of a new patent takes anywhere from three to six years in Japan, when he eventually receives the patent an inventor in Japan may find that patents are pending to others for all conceivable modifications and minor variations of his original idea. Thus, for example, if he has received a patent for a pencil holder, he may find that he is precluded from producing green, yellow, blue, or black versions of his patented holder.

Japan's export surplus with the United States will be phased out for various reasons: growing U.S. protectionism, the expatriation of many low- and middle-technology Japanese companies to the United States, and the inevitable contraction by one means or another of the U.S. federal budget deficit, which will in turn curtail the U.S. propensity to live beyond its means. Above all, however, the evolution of Japan's strategy as a headquarters nation in the world economy will ensure that it will reduce its overdependence on the United States as a market for its exports. To achieve economic security, Japan will diversify both its markets and its sources of supply, outflanking America in the process.

Unlike the United States, Japan does not plan to continue competing indefinitely with the tide of products from newly industrialized countries (NICs) in the low and middle technology range (parts of the steel, paper, nonferrous metals, textile, and consumer electronics industries for example). Instead, it attempts to direct the flow of that tide by establishing partnership relations as entrepreneur and rentier in NICs.

For example, as a world leader in the price-sensitive primary product and industrial materials sectors, Brazil could supplant the United States in the Japanese market.[7] Brazil would reciprocate by purchasing Japan's manufactured goods. With the help of Japan, NICs like Brazil will not only reduce *their* dependence on the United States but will also become direct competitors of the United States in the products of middle technology industries in the world at large. While these industries are being phased out in Japan, in the United States they are being preserved and protected for the maintenance of employment. The NICs, then, may act as proxies for Japan in waging economic warfare with the United States.

Japan also plans to reduce overt confrontation and trade friction with other nations by transforming its bilateral trade surpluses into income from invisibles. Japanese firms such as Toyota and Mitsubishi "plan to make diesel engines and electrical equipment in Thailand, then trade them for transmissions built in the Philippines or steering gears in Malaysia. The result will be complete cars—most of them for sale in Asia, some for export to the United States and Europe—that never pass through Japan. . . . "[8] While it is true that American firms like Ford and General Motors have pursued similar practices for decades, they have not done so in the context of a national strategic plan—and that distinction is a vital one.

Japanese Financial Strategy

BESIDES outflanking the United States in primary and secondary sector (low value-added) categories, Japan is likely to assert its role as a headquarters nation

[6] *Journal of Commerce*, June 6, 1990.

[7] In 1989, the United States supplied 36 percent of Japan's agricultural imports.

[8] *New York Times*, May 10, 1990.

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in the services sector by means of financial hegemony. As the world's leading foreign investor, the magnitude of Japan's foreign assets and investment flows are such that "even relatively modest shifts can have significant impact on asset prices in international markets including, of course, exchange rates." Moreover, Japan's role as an international investor and its influence in foreign markets "are much greater than implied by growth in the nation's net external assets."[9] Japan's net *assets* at the end of 1988 were approximately $300 billion, compared with U.S. net foreign *indebtedness* of some $530 billion. According to Daiwa Securities Company, Japan's net external assets could amount to one trillion dollars in the decade of the 1990s and yield annual returns of over $100 billion, far above the 1989 trade surplus of $64.4 billion.

During the negotiated descent of the dollar following the Plaza Agreement of September 1985 between Western finance ministers, Japanese investors took enormous losses in their holdings of American securities that sensitized them to currency expectations. The size and liquidity of their portfolio holdings are therefore a potential threat to the stability of American financial markets. (Portfolio investment in securities accounts for three-quarters of Japan's total foreign investment.) According to the U.S. Treasury, $2.26 trillion of its securities were outstanding at the end of 1989; of these, Japanese holdings accounted for $89.3 billion, or almost 40 percent of the total.

The hegemonic potential of Japan's international banking role is also suggested by the size of its international banking assets. At the end of 1989, Japan, as the world's leading lender, held 38.2 percent of all international bank assets, compared with 14.2 percent for U.S. banks.[10] Japan's rising share is partly attributable to the high volume of foreign currency business between its banks and Japanese residents, which is classified as international lending. However, American banks are daunted by the emerging prospect of a global market dominated by a handful of giant Japanese banks, whose sheer business power enables them to grow ever larger by ruthless price cutting.[11]

At the end of 1988, Japanese banks accounted for more than 50 percent of the total assets of all foreign banks in the United States, or 12 percent of the total assets of all U.S. banks. By that time, Japan was also the leader of the Eurocurrency markets, holding 36 percent of the total assets of all foreign banks in London, the center of those markets. At the same time, American banks held 13 percent of foreign bank assets in London.[12] In Japan itself, U.S. banking assets have declined from 3 percent of the total market in 1981 to 1 percent in 1990. In the United States, of course, the cost of capital would decline and the competitive power of American banks would rise if the U.S. savings rate were to increase. This simply means that in this as in other ways Japan's emergence as a headquarters nation is partly attributable to American policies and practices.

In financing developing economies, Japan has clearly overshadowed the United States. Whereas formerly the United States was a major source of capital to developing nations, now it is a financial black hole, draining savings from Japan, Europe, and elsewhere. As the world's leading debtor, the

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[9]J.P. Morgan, *World Financial Markets*, November 10, 1989.

[10]Bank for International Settlements, *60th Annual Report*, June 11, 1990.

[11]International banking in the United States is likewise concentrated in the hands of a small number of American banks. Four out of the 10,000 U.S. banking organizations account for roughly half of U.S. international assets; 10 of them account for a little over 80 percent. Testimony of Alan Greenspan before the Financial Institutions Supervision, Regulation, and Insurance Subcommittee of the House Committee on Banking, Finance and Urban Affairs, May 14, 1990.

[12]Nobuyuki Ueda, "The Considerable Monetary Strength of Japan," *Economic Review*, March 1990.

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United States crowds out the capital needs of poor countries, while Japan appears as their benefactor. This image is enhanced by Japan's status as the world's leading provider of foreign aid. Even within the United States, small start-up firms find Japanese venture capital available after they have been turned away from domestic sources.

Relatively minor shifts in the disposition of its portfolio give Japan a hegemonic power in global financial markets. A case in point is Wall Street's "Black Monday" episode on October 19, 1987. In the opinion of Treasury Secretary Nicholas Brady, the stock market crash on that day was caused by Japanese sales of U.S. Treasury securities:

> People ask me, "What was it that blew it off on the 19th of October? Was it the twin deficits [budget and trade]? Was it the Rostenkowski [tax] legislation? What was it?". . . . I don't think it was any of those things. . . . The real trigger was that the Japanese came in for their own reasons and sold an enormous amount of government bonds, and drove the 30-year government bond rate up through 10 percent. And when it got through 10 percent, that got a lot of people thinking, "Gee, that's four times the return you get on equity. Here we go, inflation again." That, to me, is what really started the 19th—a worry by the Japanese about U.S. currency.[13]

By contrast, the Tokyo stock market's "Black Tuesday" (October 20, 1987) was a pale reflection of the Wall Street crash because the Ministry of Finance (MOF) instructed Japan's leading stockbrokers and institutional investors to stage a buying campaign.

As a result of liberalization, some of the traditional means by which the MOF formerly controlled the financial community have been watered down; replacing some of the traditional controls, however, is a new milieu of common interests between the MOF and the highly concentrated financial community.

The continuing power of the MOF can also be seen in the Japanese response to the Latin American debt crisis, which began on August 20, 1982 when Mexico declared itself insolvent. Rescheduling and write-offs for Mexico, as well as for Argentina and Brazil, became an ordeal for international bankers. In this case, the Japanese private sector was reluctant to embrace the national interest. But the ability of the MOF to impose "consensus" on the Japanese banking system was revealed in the near unanimity of the response to its request that all banks join in the bail-out process. As of 1988, the total exposure of U.S. banks in Latin America was $63.3 billion; that of Japan was $34.6 billion. In the case of Mexico alone, U.S. bank exposure was $17.3 billion; that of Japan, $11.4 billion.

JAPAN IS not, as Karel van Wolferen and others have implied, a country rendered incapable of pursuing a global strategy by a domestic political deadlock. On the contrary, Japan is an oligopolistic society, conditioned by traditions of centralized feudalism, bureaucracy and imperialism, in which state and business collaborate to promote the comprehensive security of their country. By orchestrating and manipulating the economic complementarities of other countries with each other and with itself, Japan seeks to emerge as a headquarters nation in the world economy, while the United States acts as a puzzled bystander. Preoccupied with "the most important bilateral relationship in the world," the United States tends to be oblivious to the fact that if things continue along their present course, its bilateral relationship with Japan will soon be only one element of a larger, Japan-centered framework. In light of this development, the implications of Japan's global strategy for America are the chief issues with which the United States should be concerned.□

[13] *Los Angeles Times*, May 7, 1989.

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No Brakes, No Compass

Karel van Wolferen

LEON HOLLERMAN's preceding account of Japan's global strategy makes it easier to talk about what remains a conceptually elusive and controversial phenomenon: Japanese international power. The "headquarters nation" idea explains much. The description of Japan's "adversarial investment" is timely since it has already become much more significant than what, five years ago, Peter Drucker very usefully defined as "adversarial trade." Hollerman's account also prompts intriguing questions: What will Japan's "outflanking strategy" ultimately lead to? Does the campaign to create a global economic headquarters country constitute a viable policy? Is it the actual intention of Japan's political elite to run the world in times of peace? If so, can it be sure of the consent of the world, and especially of the United States?

Let us first make the reasonable assumption that the answer to the last question is no. A new set of questions then emerges: Are Japan's strategists gamblers? Are the members of Hollerman's "collusive oligopoly" accountable to anyone?

We can safely say that Japan's political elite includes very few gamblers. Many businessmen have observed that Japanese organizations are extremely risk-averse, and psychologists/anthropologists have been struck by the degree to which Japanese in charge of anything try to cater for every calculable contingency. My own observations confirm that the unpredictable scares the Japanese to an extraordinary extent.

The current situation, marked by the uncertain aims and uncertain strength of the United States, puts real fear into some senior members of Japan's powerful officialdom and business world. I know this from private conversations with them. Of course, one remedy has been imaginatively to create Japanese certainties. Like some American political scientists, Japan's newly emerged "techno-nationalists" contrast America's industrial decline with Japan's socio-economic superiority, and postulate a new international power hierarchy determined by economic prowess rather than by the old-fashioned "European-style" political and military might. Populist politician Shintaro Ishihara has a third bestseller in the bookstores celebrating "the Japan that can say no" (to the United States, that is). One should consider, too, the possibility of a United States dependent on Japan. But while some informed Americans I have recently talked to have already concluded that Japan has "won," the thinking members of the Japanese elite are much less sure. The commonly noticed arrogance of Japanese government and business administrators is to a significant degree a pose, hiding insecurity.

Karel van Wolferen, the author of *The Enigma of Japanese Power*, has lived in Tokyo since the early 1960s.

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Hollerman correctly identifies Japan's "passion for security" as a main motive. The economic strategists of Japan—who plow their gains back into new investments for further conquests of foreign markets and systematically buy foreign assets on a massive scale, all without regard for medium-term profitability—are not in the business of business, but in the business of national security. They have a pathological fear of being victimized by circumstances they cannot control. A common Japanese term, *higaisha ishiki* (victimhood consciousness), reflects a diffuse but fairly strong sense that the world cannot be trusted and that Japan will always be a potential victim of capricious external forces. Japan's power-holders are products of a sociopolitical world that is not ultimately regulated by law and that lacks judicial means for solving conflicts. Nothing in their experience at home reassures them that international agreements or treaties can ultimately be trusted.

But since Japan's power-holders are not gamblers and cannot be sure that the United States will allow Japanese hegemony, why are they engaged in what frightened outsiders most easily, even if wrongly, identify as a conspiracy to conquer the world economically? They appear to be undermining their paramount aim.

Political Paralysis

IN MY BOOK, *The Enigma of Japanese Power*, I offered an answer that remains most convincing to me. What the members of Hollerman's collusive oligopoly have wrought is, in the final analysis, out of control. Answerability is indeed a crucial problem. This follows from the major defect of the Japanese state: the absence of a center of political accountability. The Japanese economic juggernaut has no brakes.

Which brings us to the difference between my analysis and Hollerman's. I distinguish administrative decisions, which involve adjustments to an existing policy, from political decisions, which introduce new commitments or major changes in the way a country orders its domestic affairs or relates to the rest of the world. Japan's administrators (government bureaucrats as well as the bureaucrats in the industrial federations, the financial institutions, and the corporate groupings) are among the world's most capable administrators. But like bureaucrats anywhere in the world, they can of necessity only be concerned with very limited areas of policy-making. What makes Japan special is the inability of its politicians to come up with the necessary political input, even when that would seem to serve the national interest.

A political system with a center of accountability can explain to other countries, to the people at home, and, not least, to itself what it is doing and why. In the process of doing so, it can adjust its actions or take new action to stave off disaster. Hollerman speaks of "national interests" and "national goals" as defined by a collusive oligopoly. But this oligopoly does not encompass or subordinate all entities that go into the running of a country. And within it there exists such conflict that it is not much good for anything that goes beyond the minimum for which it evolved: Japan's unlimited economic expansion. The concerted efforts of the government bureaucrats, the *keiretsu* companies, and the industrial associations are not subject to a well thought-out and responsibly administered national policy that includes safeguards preventing the expansionary campaign from undermining its own aims of greater security for Japan. Once one understands this defect, one sees that appeals by the United States and other countries to "Japan's" better judgment and "Japan's" sense of shared interests are wasted. In that sense, there *is* no Japan.

Problems of effective political control over forces unbridled by legal sanction have plagued Japan ever since the passing of the Meiji oligarchy at the beginning of this century. Neither the Japanese prime minister nor his cabinet is given the mandate, in practical terms, to make decisions that are binding on all the components of the Japanese power system. Whereas individual Japanese

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must answer for their deeds and omissions to the organizations they belong to, the larger of these organizations are not, for all practical purposes (as distinct from ritualistic ones), accountable to any other. And, contrary to what many Westerners have been led to believe, Japan does not run on "consensus" any more than other countries.

Japan's best bureaucrats have phenomenal memories and, as Hollerman demonstrates, a very well-developed ability to draw advantage from new and unexpected circumstances. But they are only expected to use this intelligence for the benefit of their own organizations. They are not trained to transcend, in their thinking, the interests of their own ministry, *keiretsu* company, or industrial federation. If they are personally concerned about the national interest, they cannot translate such thinking into effective action because their institutions are geared only to think ultimately of themselves, and because if they breach convention they will be considered bad officials. The result is that members of Japan's political elite permanently confuse Japan's national interest with the prosperity and perpetuation of their own organizations.

ILLUSTRATIONS of the resulting political paralysis are plentiful. The best recent example is Tokyo's weak response to the Gulf Crisis. Ministry of Foreign Affairs officials, who told the prime minister in early August that he could not go on his scheduled trip to the Middle East because "Japan had not made up its mind yet," saw only the threat of "amateurish" encroachments on their territory. Ministry of Finance officials, who openly wrangled in the following six weeks about the proper level of Japan's financial contribution, focused only on the reputation they had to lose as the guardians of the national budget. Opposition Diet members gleefully seized upon the opportunity to embarrass the government, something they must do every few years to remind the public that they still exist. No Japanese can rise above this discord in the way that Western heads of state can and frequently do in times of crisis. It must be noted that the average politically aware Japanese initially showed a genuine sense of embarrassment—even shame—over Tokyo's inept response.

Two months into the crisis, rationalizations emerged for inaction. Americans were told by the Japanese consul general in New York, Masamichi Hanabusa, that in Japanese opinion, whoever controlled the Middle East would have to sell oil. Japan's business leaders privately boasted that Japan could afford the price any dictator would demand. This line was quietly encouraged by the bureaucracy. One should not be deceived by what officials claim is Japanese opinion. The explanations conveyed not so much a positive belief behind purposeful inaction as a defensive justification hiding incapacity.

A popular explanation for Tokyo's near inaction compares it with the behavior of the United States half a century ago. At that time the United States was already a dominating economic power but was hesitant to become deeply involved in world affairs. Japanologist Ezra Vogel of Harvard, who holds this view, believes that the next international crisis will not find Tokyo so unprepared or uncertain. But this misses the point. We are dealing not with unwillingness to get involved, not with inexperience, not with power-holders of limited talents, not with intellectual or—as some Westerners believe—moral shortcomings. We are faced with the fact that, ultimately, bureaucrats on their own cannot run countries. If the next international crisis closely resembles the Gulf Crisis, there is a chance that Tokyo will be prepared for it. But a political nerve center that can respond to events and crises whose characteristics are unpredictable does not now exist.

A case in which there cannot be any suspicion of egoism illustrates this perhaps even better. In the beginning of 1990, Gorbachev indicated that he was ready for a deal concerning the Kurile islands—the disputed territory that has been an obstacle to the signing of a Japan-Soviet peace treaty. But the possibility for a major diplomatic advance was never explored seriously. There was no

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discussion, no coordination, nothing to ensure that Japan would get maximum advantage out of Gorbachev's initiative. Japan's government agencies were paralyzed in this as much as they were in the Gulf Crisis.

The Economic Juggernaut

THE ABSENCE of a center of political accountability, on the one hand, and the concerted efforts of the economic bureaucracies and corporations described by Hollerman, on the other, do not contradict each other. Instead, the single-minded devotion to the policy of unlimited economic expansion seemed to camouflage the malfunctioning of Japan's political system. Hollerman's "collusive oligopoly" is an acceptable term for the mainspring of Japanese economic power, and is certainly not at odds with my descriptions of it. But what it labels does not constitute a "summit of the Japanese pyramid," as Hollerman maintains, and his examples of central decision-making do not disprove my thesis.

Aside from its relentless economic growth—which has long ceased to have a positive effect on the quality of Japanese life—Japan is drifting. The "policy change" of 1973 was not much of a policy change because "the separation of economics from politics," in the phrase of Japan's officialdom, was (and is) less a separation than a subordination of the latter to the former. The shift from "export promotion" to "import promotion" in foreign trade that Hollerman mentions was little more than an administrative endorsement of an existing trend, to a large extent exploited for public relations purposes. Similarly, the liberalization of the Foreign Exchange Law in 1980 was well within the realm of politically unmediated bureaucratic decisions.

Hollerman's headquarters nation, striving to maximize its control over the world's economy, is the most recent outcome of Japan's politics of economic power that began with the rebuilding of its war-devastated industry. Postwar reconstruction required no political discussion. It could be left to the bureaucrats, who performed skillfully. The occupation authorities, believing that bureaucrats were always servants of ruling politicians, inadvertently gave them greater power than they ever had before.

The strategy described by Hollerman emerged fairly spontaneously from policies that in their essence date from the 1950s. Nothing comparable to parliamentary discussions in the United States or Europe concerning the desirability of welfare statism, of curtailing corporate power, or other non-economic national priorities took place in the intervening period. Not long after 1955, when the Liberal Democratic Party was formed, politicians abdicated their responsibility for seriously thinking about the goals of the nation and the means of attaining them. One could say that postwar reconstruction never stopped, it just phased into unlimited economic growth without attracting anyone's attention. Further expansion was greatly aided by the extraordinary institutional memories of Japanese organizations, coupled with equally impressive institutional motivation. The collective sense of shared traditions, of quasi-sacred purpose, and of the need to impress society with the merit of the institution can only be compared to that of an elite military organization, such as the United States Marine Corps. The behavior of MITI, the Ministry of Finance, or the *Keidanren* must be seen in this perspective, with their activities that affect overseas markets complementing each other quite naturally.

As Japan's political elite single-mindedly pursued economic expansion, all the other things that countries are normally concerned with were subordinated to the expansionary goals of the oligopoly, or were not properly looked after. Education is a good example: the schools cater to immediate industrial/bureaucratic needs in a way no other country, to my knowledge, has managed to arrange.

Japan has almost no independent foreign policy, beyond the purpose of helping to provide optimum international conditions for

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economic expansion. The recent vast expansion of Japanese economic power in Southeast Asia is beginning to be accompanied by an effort to supply alternative non-Western viewpoints to Asians, in line with Japanese bureaucratic preoccupations. But Tokyo's international initiatives—mainly concentrated in the "peace-making" sphere—are in practically every case gratuitous and will stop at the point where genuine commitments require adjustments by the stronger semi-autonomous domestic power groups.

The Ministry of Foreign Affairs contains some first-class diplomats, but they tend to be highly frustrated, as their organization is to all intents and purposes a public relations agency. Currently, one of its main tasks is to help prevent Americans from taking a second good look at Japan, lest Washington revise what is still, after all, an indulgent approach to Japan.

Japan's extraordinary position in the world has been made possible by the United States. There exists no historical precedent for their bilateral relationship as it evolved after the occupation. For forty-five years now, the United States has protected Japanese interests, as defined by Japan's administrators. Willingness to allow full-speed Japanese economic expansion at the expense of American industry has been especially beneficial. American policy-makers, blinkered by a powerful ideology of free trade that prevented them from understanding the nature of Japan's extraordinary growth, created opportunities that Japanese planners were quick to exploit. The United States has continuously provided a protective diplomatic and strategic shield. All those things by which a state is externally recognized—diplomatic efforts, strategic-military efforts, and even the diplomacy safeguarding economic advantage—were carried out by American proxy.

Japan's dependence on the United States can hardly be exaggerated. The protective shield made it unnecessary for the power-holders in Tokyo to worry much about their weakness in crisis management, which results from inherent disunity and pervasive mistrust among the clusters that share power. Because of American protection, Tokyo has never been required to get involved in intricate international power acrobatics for the sake of its de facto policy of unlimited economic expansion. The recent, popular argument that the relationship is in good shape because the United States and Japan see eye to eye on most foreign policy objectives betrays historical ignorance. Japanese acceptance of American foreign policy cues has been an essential part of the bilateral arrangement throughout the postwar period. The significance of the Japanese contribution to the Gulf effort, when it was finally settled on, was that it was aimed at nothing more than maintaining good relations with the United States. During the entire crisis one could hardly ever detect a sign, in official pronouncements or in serious media commentary, that anyone in Japan was thinking of the events as having a direct bearing on Japan's national interest (this, despite the fact that Japan's industry is more dependent on Middle Eastern oil than is that of any other). To the extent that a discussion took place at all, it was cast in terms of what Japan should do to keep an annoyingly demanding American president satisfied.

Japan's impairing of the industrial strength and its risking of the goodwill of the power on which it is so dependent is therefore all the more frightening a spectacle.

The Poverty of Japanology

WITH JAPAN becoming an increasingly intrusive power, the world faces a force it cannot readily understand, a force whose nature has so far defied enlightened discussion. Part of the problem here is the lack of a proper vocabulary with which to discuss it. What Japan represents internationally, what it has done economically, and what it appears to be doing now—for none of these can we rely on precedents to guide our thinking and language.

Japan obviously constitutes prodigious political might. The frequently heard ques-

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tion as to when it is going to play a major political role is ill conceived. Japan may be all but invisible diplomatically, but its power to cripple entire industrial sectors in other countries, its power over the international financial system, and the role of headquarters nation it is already playing for the rapidly growing "subcontracted" economies of Southeast Asia are political factors of the first order. The problems between Japan and its trading partners are political problems, since neither market forces nor special economic measures will make them disappear. They are problems requiring political solutions, and if these are not forthcoming, they will eventually cause political crises.

Twice this century, American resolve rescued the world from what most likely would have been utter political calamity. The United States is now a puzzled bystander, as Hollerman aptly puts it, and does not understand what is happening. Americans find it difficult to accept the notion that corporations can be motivated for long periods by a drive other than that of maximizing profits. In the meantime the American industrial base is very seriously threatened, with major losses being virtually irretrievable. To take only one example: by abandoning general consumer electronics—no longer profitable as a result of years of Japanese dumping on a massive scale—American industry has wounded itself in many places. Even if Detroit, or a part of it, can be saved, between one-third and one-half of the value of the cars it will produce in the near future will come from imported electronics. Moving back into abandoned sectors, once they become profitable again, is possible according to nineteenth-century economic theory; but in practice the barriers to reentry are prohibitively high.

The destruction of the American industrial base is not only bad for the United States, it is bad for the world. Theories of a global, borderless economy and of economic interdependence only console those who seem unaware of the political forces at play. The jubilation, as American industries close down, of highly ideological partisans of laissez faire, who see in this the wonderful work of market forces, creating ever greater efficiency and benefits for consumers, is witness to the poverty of the conceptual apparatus with which these developments are regarded.

The threats earlier in this century to freedom and independence were more easily visible. And even though there was disagreement as to the true nature of the communist menace, we used a widely shared vocabulary that possessed the strength to engage the imagination. We do not have such a vocabulary to deal with the force that Japan represents, a force certainly not under control of the Japanese people, or—and here I do differ with Hollerman—their administrators.

JAPAN ADDS a volume roughly equal to the entire GNP of France to its economy every four and a half years. Tokyo cannot satisfactorily explain to other countries where it thinks this will ultimately lead and cannot dissipate international doubts about Japanese motives. Japanese power-holders cannot explain where they stand on some concrete world problems that others consider most urgent, and they appear paralyzed when others expect action. They cannot make clear what they hope to do when Japan passes the United States as the largest economic power in the world, which at the current rate of expansion may happen around the turn of the century. The combination of incredible economic might with apparent indifference to the well-being of the world is becoming one of the main sources of international tension and conflict. But political scientists, with few exceptions, do not ask the proper questions with regard to this Japanese force because they are misled by the appearance that it is an economic subject.

The discrepancy between Japan as a world power and its diplomatic invisibility is not new. Indeed, one would think that the stubborn persistence of this discrepancy would have caused Japanologists to look more seriously into the possible causes, especially after the three or four years during which Japanese representatives have, at the annual

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summit meetings and other international forums, repeatedly assured everyone that Japan is ready to take on a broader and more responsible role. The explanations with reference to interwar America or an alleged inexperience are not convincing and fly in the face of history; Japan's diplomacy of the Meiji period demonstrated that it needed no decades of experience to be effective.

Economists, by and large, have ignored crucial Japanese phenomena when these do not fit the conventional categories of their conceptual world. The dominant school of academic economics accepts the axiom that a successful economy must be based on free-market principles. Strengthened in this belief by the official demise of Soviet-type command economies, most economists have also missed the fact that it is possible to have interwoven public and private sectors and to have an effective economy at the same time.

Serious attention to actual (as distinct from formal) institutional links would force economists to acknowledge structural incompatibilities between the Japanese and Western economic systems. The conventional separation of private and public sectors has become close to irrelevant in Japan, at least where large corporations are concerned. The entire system thrives on a continuous exchange of political protection, enabling devotion by individual firms to shared long-range goals. The market in this setting plays an ordering role, but is rarely allowed to determine ultimate economic outcomes. (If it did, we would regularly have industrial and banking crises, because underneath their political protection many of Japan's manufacturers and financial institutions have been at times, by Western standards, in very deep trouble.)

A small detour is needed to put this into perspective. The political underpinnings of postwar economic organization represent a significant shift when compared with Japanese economic organization earlier this century. In the 1920s the Japanese economy was almost a model of laissez faire when compared with what emerged after the war. This change came about gradually as a result of the demise of genuine entrepreneurialism, the subordination of the profit motive during the militarist period, bureaucratic visions of a New Economic Order dating from the late 1930s, bureaucratic experiences with economic experiments in Japan's Manchurian colony, and organizational and financial innovations in the war years. After 1945 new economic organizational centers for monitoring, coordinating, and guiding the manufacturing industries were formed by the same people who during the war had played important roles in the wartime cartels operating under government auspices. These organizations, the *Keidanren*, the *Nikkeiren*, and the *Keizai Doyukai*, took over from the prewar *zaibatsu* (industrial conglomerates controlled by holding companies) as centers of gravity for economic decision-making. Rather than representing private businesses, they were inspired, established, and shaped by bureaucrats, and they have functioned as solid connectors between the economic bureaucracy and the business hierarchy.

VERY IMPORTANT in the informal merger of the private and public sectors were two major organizational novelties. Hollerman mentions one that has recently received attention by the United States government in its negotiations with Japan: the *keiretsu* "families" of corporations. The *keiretsu* structures are collective safety nets for large individual firms operating in different industries. Through the pivotal *keiretsu* banks they almost always ensure success in the launching of new and higher value-added industrial pursuits. Formally glued together through large-scale cross-holding of stocks, the *keiretsu* companies own each other. Since no one is in charge of the *keiretsu* clusters, and no one is ultimately responsible for them, they remain sufficiently amorphous to facilitate bureaucratic interference.

Such interference is channeled through the other major innovation, consisting of a large number of overlapping, guild-like, and strongly hierarchical industrial federations that monitor, coordinate, and guide activities

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in every industrial sector. These industry-wide political entities enjoy strong extra-legal sanctioning powers over all the firms in a sector, because enforced membership entails obligatory conformity to unwritten rules limiting policy-making options.

The combination of these two institutions, the *keiretsu* and the industrial federations, sets the stage for tremendously effective informal control over economic processes. Even Hollerman appears to be insufficiently aware of this. He speaks of "Japan, Disincorporated" and "Japan Reincorporated," postulating a phase of genuine economic liberalization in the 1970s and 1980s. I have always thought this to be a weakness in his otherwise admirable work, as I can only see a gradual—and even now ongoing—consolidation of informal power tying "public" and "private" sector administrators together.

The informal control is vital to Japanese postwar financing methods, arguably the single most important factor in creating the new type of international competitiveness that the bankruptcy-proof large Japanese companies have pioneered. These methods make periodic phases of very cheap to virtually costless capital possible.

Probably the single biggest factor fuelling the forced growth in the early stages of the economic "miracle" was a system of financing called overloan, whereby the *keiretsu* banks could increase their lending to the members of the corporate "families" without being required to have deposits with the central bank in proportion to these increases. For most of the postwar period, loans from and discounts with the central bank exceeded the deposits of the commercial banks. With the substitution of banks for the old *zaibatsu* holding companies, a network of inexhaustible financial pumps was established, whose survival was guaranteed by the central bank.[1] Overloan is not practiced at the moment, but another even more audacious financing method took its place, reaching a peak in the late 1980s when it provided conditions for a vast expansion of investment capability.

Some ten years ago, Japan's administrators realized that together they commanded so much informal control that they could insulate a horrendous inflation in capital assets from the consumer economy. They set about to greatly increase Japan's asset base. In the beginning of fiscal 1987, all land in Japan was worth 2.4 times as much as all land in the United States, but at the end of that year it was worth 4.1 times as much (the United States is 25 times larger than Japan). In that same year, the increase in the nominal value of land and stocks was as great as the entire GNP plus a further two-fifths of the GNP.

These stupendous additions to the paper wealth of Japan's large corporations (portrayed in the West as merely wild waves of speculation) were used as collateral, against which various financing methods were applied that reduced the real cost of capital for large firms to practically nothing. A very elaborate network of personal connections, whose members can be relied upon to behave predictably, props up money-manufacturing methods and prevents the kind of calamity that would be that method's inevitable result in any genuine market economy. The politics of Japanese economic power are extra-legal and take place beyond the scrutiny of external and impartial regulators. When Japan's financial power-holders are, as it were, exchanging blank checks with each other, no one is sounding the alarm. The Central Bank does not operate as a referee, as central banks do in the West; it is an informal participant in this successful endeavor.

The era of costless capital is over for the time being, and respected Western financial

[1]This system, which started to come into its own around 1957, was derived from a system of wartime financing for the manufacturers of war-related goods. Before the war the average rate of borrowed capital in Japan was comparable to postwar rates in Europe and the United States—that is, some 30 to 40 percent. But in the new order, until the late 1970s, major Japanese firms borrowed 80 percent or more of their capital from their *keiretsu* money pumps.

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journalists have written crisis scenarios for Japan's equity and real estate markets. They are misinformed. Economic outcomes are still very much under the control of the Ministry of Finance, and if necessary it will create a scandal—such as the recent one engulfing the securities industry—in order to get its way. While the rest of the world desperately wants to believe that Japan is being punished like everyone else for fiscal irresponsibility, Japanese manufacturers have used the nearly costless capital of the late 1980s to invest in production capacity sufficient to give them a competitive advantage that will last well into the next century, even if such investment were to be substantially reduced today.

The Japanese Military

A MAIN characteristic of Japan's informal power system is that it needs to remain exclusionist, since the entry of a new, strong component would almost certainly throw it out of kilter. This should be foremost in one's mind when contemplating the military factor in Japan's future.

The Japanese military has, without many people noticing it, grown to be one of the biggest in the world (the fourth most expensive when measured by budget allocation), while those opposed to it on constitutional grounds pretend that it is a shadow that may be ignored. Only a very dramatic development—such as the reunification of the two Koreas, Korean possession of nuclear arms, or an open collision with the United States—could turn Japan into an unambiguous military power. But a potentially unstable Soviet Far East, the obviously diminished resolve of the United States to maintain a military presence in East Asia, and the resulting vulnerability of the sea lanes between Japan and the main suppliers of its energy, as well as the eventual death of Kim Il-sung (the major obstacle to Korean reunification) are bound at least to accelerate the growth of Japan's naval forces.

The big question is how a Japanese military, less shackled than it is now, would fit in. One possibility is an accommodation with the existing oligopoly, but the friction points in such a relationship would be numerous and it is doubtful that it could result in a stable arrangement. Officials in the Ministry of Finance have so far provided the most significant curb on the euphemistically named Self Defense Forces, but they would not be a match for it in an emergency. The problem is not that SDF leaders today give the impression of being power-hungry; the worry is about what future officers might *on their own* decide is in the national interest.

It is not only Japanese leftists who respond vehemently to suggestions of a fully rehabilitated military. Those high up in the components of the Japanese System recoil at the thought that they would have to accommodate yet another cluster of power, one possessing the means of physical coercion.

Probably few Japanese would be able to make their thinking on this point very clear, but many Japanese are subliminally aware that their nation must cope with a structural defect relating to political control. They believe that a Japanese military, fully legitimized and permitted to operate overseas, would be a potentially uncontrollable force. As it is, Japanese prime ministers do not have the practical power to control civilian agencies decisively; how could they be expected to bridle ambitious officers? Historically informed Japanese do not have much faith that postwar institutions will be better able to restrain a possibly rogue power element than in the 1930s, since the civilian control mechanism of today is not convincing.

There exists a good contemporary example of what a more self-assured military could be like in the way the police have in the past decade or so increased their gentle but formidable power to order people around. During events deemed to be accompanied by security risks (visits of an American or Korean president, summit meetings, the funeral of Emperor Hirohito, the enthronement of Emperor Akihito) the police have demonstrated that they can bring normal outdoor activity in most of the capital to a halt. Car searches for

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practice (even a month before the recent enthronement ceremonies) and picking up people whom the police consider potential troublemakers demonstrate police assertiveness. Significant in all this is that neither the prime minister nor anyone else can make the case that there is such a thing as overdoing it. The Japanese police force is essentially in charge of itself. And the fear that the same would be true of a strengthened military is well grounded.

Beyond Complacency

IT BENEFITS no one to postulate wicked motives on the part of Japanese power-holders. Japanese bureaucrats and the bureaucrat-businessmen of the industrial federations or the large corporate conglomerates are doing what is expected of them. This has created a dangerous situation only as a result of the structural defect in the overall control mechanism of the Japanese political system.

Considering what is at stake—perhaps the very way we will live in the next century—I think it is nothing short of scandalous that only a few Japanologists specializing in relevant areas have so far seriously studied the issues addressed here by Hollerman and me.[2] Instead, the American academic community is engaged in heavy self-censorship regarding Japanese political and economic subjects. Seeing scholarly interpretations that can hardly be distinguished from what Tokyo's political elite produces for external consumption, one can only hope that the Japanese studies field will soon be enriched by an infusion of more discriminating minds.

Complacency, once merely unattractive, is now dangerous. If Hollerman and I are wrong, our arguments should be rebutted with information that can stand up to meticulous inspection, since those arguments are not conjured up out of thin air. Our kind of analysis should not be dismissed as "Japan bashing" or be met with accusations of ignorance, racism, or other unworthy motives.

If we are right, it would be fair to brand the willful ignorance of the administration in Washington as detrimental to American interests. It would also be fair to brand the editorial policies of authoritative publications like the *Wall Street Journal* and the *Economist*, conceptually blinkered as they are, as more than irresponsible. These policies help to bring about the very end that they seek to prevent: the collapse of the world's liberal capitalist order.

The Western countries need to recognize that international bodies such as the General Agreement on Tariffs and Trade are not equipped to cope with the global economic reality of the late twentieth century. And if prevention of world-wide protectionism be their goal they need to design a new multilateral arrangement, while taking the extraordinary factors described here into consideration. In the meantime, new conceptual tools are required to recognize that the Japanese economy is managed in a way incompatible with conventional assumptions of how economies can be run, and for constructing a *modus vivendi* ensuring continued amity between Japan and the Western countries.□

[2]Chalmers Johnson of the University of California, San Diego, is a major exception. The degree to which he is considered "controversial" indicates the strength of non-intellectual impediments in academia.

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Mexico and the Politics of Free Trade

Morton Kondracke

WHEN IT IS negotiated and if it is approved by Congress, the North American Free Trade Agreement between the United States, Mexico, and Canada may prove to be the most important foreign economic policy achievement of President Bush's first term in office. This is especially true if there is a failure in the Uruguay Round negotiations to repair the world trading system under the General Agreement on Tariffs and Trade. The North American agreement, known as NAFTA, will create a free-trade zone nearly equal in population to the European Community and nearly double that of Japan's emerging "yen bloc" in East Asia—and larger than either in economic terms. Administration officials hope that NAFTA will form the basis of a free-trade community of market democracies encompassing the entire Western Hemisphere, and will help promote capitalism, democracy, and free trade globally. That would make it a veritable pillar of Bush's New World Order.

Ironically, though, Bush was not the driving force behind NAFTA. It was, instead, President Carlos Salinas de Gortari of Mexico, who in February 1990 was scheduled to be the star of the World Economic Forum in Davos, Switzerland, a glittering annual gathering of international bankers, businessmen, and politicians who spend part of their time at economic policy seminars and the rest socializing and skiing.

The previous year, thanks partly to a speech by Senator Bill Bradley, Davos had been abuzz with conversation about Salinas' courageous economic reforms—his sell-off of nationalized industries, his opening to foreign investment, his reduction of government spending, and his crackdowns against corrupt labor union officials, businessmen, and drug dealers. In 1990, the Davos program called for Mexico to be the centerpiece of discussion. Salinas delivered a major address. Mexican food was served at banquets and Mexican music was played at receptions.

Accompanied by key members of his government, many of them fellow American-educated free marketeers, Salinas went to Europe hoping that investors would be impressed with his reform policies. Mexico needed large-scale capital inflows to provide jobs to a population that had been suffering five years of austerity-induced reductions in its standard of living. But, instead of willing investors, Salinas found Europeans preoccupied with the fall of the Berlin Wall and the liberation of Eastern Europe. As happened the previous year in Japan, he received lavish praise but no commitments of cash. Europeans, and especially West Germans, told him that whatever risk capital they had they would have to reserve for Eastern Europe.

Shortly after Davos—by some accounts, on the ride home—Salinas decided to reverse

Morton Kondracke is a senior editor of the *New Republic* and host of PBS's "American Interests."

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his previous position that negotiating a free-trade agreement with the United States was premature. In October 1989, on a visit to Washington to sign a partial tariff-reduction pact with President Bush, he had told the press flatly that the disparities in size and wealth between Mexico's economy and that of the United States precluded an agreement of the kind that the United States and Canada had put into effect that January. The reason for that statement, associates say, was more political than economic: Despite disparities—Mexico's GNP is $200 billion, compared with $5.5 trillion for the United States, and its per capita GNP is $2,000, a tenth of that in the United States—Salinas wanted Mexican industry to face world-class competition in order to improve its efficiency. But he feared that the press, leftist political foes, and a public subjected to decades of anti-U.S. rhetoric would accuse him of opening up the Mexican economy to a buy-out by "the gringos."

At a meeting of his economic cabinet a few days after his return from Davos, associates say, Salinas reported that while inflation was down, a debt-reduction agreement with the United States was working, and economic growth was resuming, progress was not occurring fast enough to impress investors. He declared that dramatic action was necessary, and announced to the cabinet that he intended to privatize Mexico's banks, state-owned since 1982, and seek a full free-trade agreement with the United States.

Within days, he placed a phone call to President Bush to discuss the possibility. Bush asked him to send aides to Washington, and on March 8 and 9, 1990, Salinas' chief of staff, Jose Cordoba, and his minister of commerce, Jaime Serra Puche, met with the top economic and foreign policy officials of the Bush administration—Secretary of State James Baker, Treasury Secretary Nicholas Brady, Commerce Secretary Robert Mosbacher, National Security Adviser Brent Scowcroft, Special Trade Representative Carla Hills, and Michael Boskin, chairman of the Council of Economic Advisers.

Bush and his team needed little convincing about the fundamental desirability of a U.S.-Mexico agreement. Bush supported the idea during his 1988 presidential campaign, and he also wanted to support Salinas, whom he had come to respect personally as a modernist reformer beset by an old guard hostile to the U.S. In August 1990, Bush's support for Salinas grew even stronger when the Mexican president increased oil production to support the U.S. embargo of Iraq (while the leader of Mexico's leftist opposition, Cauhetemoc Cardenas, called for an oil embargo against the United States). Two other influential Texans in the administration shared Bush's special interest in Mexico—Mosbacher, who had recommended a U.S.-Mexican free trade agreement in 1989, and Baker, who favored the agreement for both geopolitical and domestic policy reasons: a prosperous Mexico would insure stability on this country's southern border and would reduce the flow of drugs and illegal immigrants across the border. The only hesitation in the Cabinet came from Carla Hills on the grounds that negotiating the Mexican agreement, which would be the responsibility of her office, might interfere with achieving the administration's top trade priority—the conclusion of the Uruguay Round of GATT, designed to lower tariffs and non-tariff barriers among all countries in the world.

The Big Picture

AT THE END of March, the administration had decided to pursue the Mexican pact. This was leaked to the *Wall Street Journal* on March 27 and caused an immediate stir among opponents of free trade in both Washington and Mexico City. On June 10, Presidents Salinas and Bush met in Washington. Their communique declared that the two "are convinced that free trade between Mexico and the United States can be a powerful engine for economic development, creating new jobs and opening new markets."

Almost uniformly, President Bush's statements about NAFTA emphasize economic

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benefits, but key officials at the State Department see it in much larger terms. One is Robert Zoellick, who is both counsellor of the State Department and undersecretary for economic affairs and is one of the few genuine strategic thinkers in the Bush administration. Zoellick sees NAFTA as an important building block in the entire post-Cold War global strategy of the United States. Bernard Aronson, assistant secretary for Latin America, similarly sees the Western Hemisphere as "a model for the new world order."

As U.S. leaders are fond of pointing out, Latin America has undergone a dramatic transformation over the past decade. Formerly filled with military dictatorships and beset by violent Marxist insurgencies, the region now brims with popularly elected civilian governments striving to establish permanent democracy. Simultaneously, Latin countries have moved from statist economic models toward experimentation with free markets, and the attitudes of elites toward the United States have shifted from fear and hostility to some measure of cooperation. Aronson says that if democratic, market-oriented, and pro-U.S. regimes in Latin America succeed in solving their endemic problems—notably poverty, debt, and authoritarianism—other regions of the world can as well. The Bush administration is endeavoring to help, he says, through debt relief proposals and the 1990 Enterprise for the Americas Initiative (designed to reduce trade barriers and spur economic reform), as well as efforts to salvage environmentally important areas like the Amazon rainforest, to block the spread of nuclear weapons and missile delivery systems, and to control narcotics. For both ideological and practical reasons, the Republican administration favors trade expansion over foreign aid as a means of assisting developing nations. Trade benefits a country's private sector rather than its government, and there is neither money in the tight U.S. budget nor support in the public for foreign aid.

The administration's hope, according to Zoellick and others, is that the Western Hemisphere will ultimately form one huge free-trade zone. This could happen either as a result of other hemispheric nations gradually joining the U.S.-Canada-Mexico Free Trade Agreement, or by a gradual melding of bilateral and regional agreements. If NAFTA contains an accession clause, Chile will probably join reasonably soon. Other groups of nations are already discussing regional common markets, including Argentina, Brazil, Uruguay, and Paraguay; and five Andean, six Central American, and thirteen Caribbean countries.

THE UNITED States, Canada, and Mexico represent a combined population of 360 million (85 million for Mexico, 26 million for Canada), compared with 365 million for the twelve members of the EC and 200 million for Japan and the East Asian "tigers" (South Korea, Taiwan, Hong Kong, and Singapore). North America's combined GNP is nearly $6 trillion, compared with $5 trillion for the EC and $3.5 trillion for Japan and the tigers. A free-trade zone encompassing all or most nations in the Western Hemisphere would total more than 650 million people and be richer than even the EC plus Eastern Europe (at 400 million people), or Japan plus the tigers and the ASEAN nations.

In the post-Cold War era, it is widely expected that history will be made through exertions of economic rather than military power. Wars will occur, of course, but they will not involve the major powers, who instead will compete economically. Some analysts and politicians (among them, Edward Luttwak and House Majority Leader Dick Gephardt) expect this competition to be every bit as fierce and zero-sum as old-style geopolitical maneuvering was, and some (among them, Margaret Thatcher) see the world's major nations forming into three eco-political blocs, denominated by their dominant currencies: the EC, plus Eastern Europe and Scandinavia, would be the "deutschemark zone"; Asia would be the "yen bloc"; and the Western Hemisphere would be the "dollar bloc." Especially if the dominant players cannot come to terms through the GATT, it is feared that trade wars will erupt between the blocs, as each tries to keep out the other's products.

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If this is what the future holds, it will be indispensable for the United States to form its bloc. Indeed, it is close to conventional wisdom in Congress and elsewhere that preparing for a trade war is the best reason for forming a Western Hemisphere "dollar bloc." But the Bush administration has other ideas—it urgently wants to avoid trade wars if at all possible. Ideally, according to Zoellick, blocs won't even form, as American, Asian, and European nations trade freely and cooperate politically. To this end, the administration is pushing GATT, is institutionalizing ties with the EC, and helped form the Asian-Pacific Economic Cooperation Group. Realistically, though, a nascent hemispheric free-trade zone is a good lever in the GATT talks, enabling the United States to say to Europe and Japan, in effect, "If you want to play bloc warfare, watch out. Our bloc is bigger than yours." This strategy may not work, however, as Europe and Japan seem determined to maintain subsidies and import restrictions on agriculture, threatening to collapse the Uruguay Round.

If this happens, the administration has another fall-back strategy, in which a hemispheric agreement would also play a vital role. Bush aides want to link Europe, Asia, and the Western Hemisphere through inter-bloc trade agreements that would set the standard for the rest of the world. By one strategy or another, Zoellick thinks it should be possible to avoid having the Cold War era devolve into the trade war era, and instead to build a community of market-oriented democracies that encompasses key areas of the globe. NAFTA is thus a vital piece in the administration's world strategy.

The Labor Lobby

GRAND SCHEMES, however, are often confounded by mundane realities, and NAFTA is being challenged by a coalition of U.S. interest groups—led by organized labor and including environmentalists and some industry groups—which fear that free trade will severely damage their constituents. The first attempt to block the agreement was mounted in early 1991, when the administration asked Congress for a two-year extension of so-called "fast-track" authority to enable it both to commence NAFTA talks with Mexico and continue the Uruguay Round negotiations. "Fast track" is Congress's guarantee that when a trade pact is negotiated, it will either be approved or disapproved by Congress, and not subjected to an endless amendment process. Mexico served notice that it would not begin NAFTA talks except under fast-track authority.

In May, the administration won the fast-track fight—by the strong margin of 59–36 in the Senate, but by only 231–192 in the House, with the Democratic majority splitting 170–91 against the administration. Some opponents argued that fast-track authority constituted an abdication of congressional prerogatives, but the fundamental argument revolved around the substantive effects of NAFTA on U.S. employment and the environment. This battle will resume when NAFTA is signed by U.S., Mexican, and Canadian officials and submitted to Congress for ratification. It is likely to be bitter.

The timing of an agreement is a matter of no little importance. Carla Hills ritually tells interviewers that "there is no timetable. We will take as long as necessary to negotiate the best agreement that we possibly can." On the other hand, it is widely reported that the administration is pushing to have an agreement signed by late 1991 or early 1992, so that it can be debated and voted on by Congress before the national political conventions in July and August and the fall presidential campaign. The administration would like Democratic presidential candidates to debate NAFTA among themselves in early presidential primaries, but to have it approved in time to list it among President Bush's accomplishments for the fall campaign. (Among the president's likeliest Democratic challengers, Governor Bill Clinton of Arkansas supported Bush on fast track, while Senator Tom Harkin and New York Governor Mario Cuomo opposed him.)

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If approval is not possible by early 1992, it would be put off until 1993, but then it is likely to become an issue in Canada's national elections. If Conservative Prime Minister Brian Mulroney loses the election—which current polls indicate is a strong possibility—the successor Parliament might well refuse to ratify NAFTA. Timing is less a factor in Mexico, where Salinas, elected in 1988 for a single six-year term, will serve until 1994. With Mexico's economy improving, Salinas currently enjoys a 75 percent approval rating and is expected to strengthen his legislative majority in parliamentary elections on August 19. However, Mexican officials say that Salinas still wants an early agreement so that its economic benefits will allow his successor to continue the liberalizing program he has set in motion.

IN THE UNITED States, the central battle over fast track was about jobs, and so will be the battle over ratification of NAFTA. The agreement is virtually certain to be opposed by the American labor movement regardless of what the pact says about the key issues under negotiation—such as market access provisions for various products and services, rules of origin to prevent Europeans and Asians from using Mexico as a platform for penetrating U.S. markets, and methods of dispute settlement—and regardless of what promises the Bush administration makes about programs to compensate and retrain workers dislocated by NAFTA. During the fast-track fight, the AFL-CIO argued that NAFTA "would be an economic and social disaster for U.S. workers and their communities." A February 1991 AFL-CIO publication declared that

> under current trade arrangements, tens of thousands of U.S. workers have lost their jobs, and tens of thousands more have seen employment opportunities vanish, as U.S. companies transferred production to Mexico, taking advantage of the poverty of Mexican workers and the absence of any effective regulations on corporate behavior. A free trade agreement will only encourage greater capital outflows from the United States, bring about an increase in imports from Mexico, reduce domestic employment . . . and accelerate the process of deindustrialization that has confronted this country during the 1980s.

For labor, the central fact about U.S.-Mexican trade relations is that Mexican wages average one-tenth of those in the United States. The legal minimum wage in the United States is $4.35, but continuing devaluation of the peso (from 600 to the dollar in 1986 to 3,000 today) has dropped the dollar value of the Mexican minimum wage to 49 cents an hour. "Why should firms invest in the United States," the AFL-CIO asked rhetorically, "if they can move across the Rio Grande and dramatically reduce their labor costs?" As a foretaste of things to come, the AFL-CIO cited experience with the *maquiladora* program established in the 1960s to allow U.S. industries to set up plants on the Mexican side of the border where U.S. parts would be shipped without duty, assembled by Mexican workers, and shipped back to the United States with duty charged only on the value added in Mexico.

In twenty years, the number of *maquiladora* plants has grown from 120 to 1,800 and the number of workers has gone from 19,000 to 500,000. According to the AFL-CIO,

> tens of thousands of workers across America in companies like Electrolux, Tyco, Zenith, Westinghouse, Farah, GE, AT&T, GM, Ford, Chrysler—to name only a few—have seen their jobs disappear to Mexico. They, better than any model or projection, can describe the employment impact of this type of trading relationship.

Besides low wages, according to union spokesmen, U.S. industries will also move to Mexico to take advantage of lower worker-safety and environmental-quality standards. In sum, NAFTA will cost "hundreds of thousands" of Americans their jobs, according to the AFL-CIO.

The administration's counter-argument is that it is simply inevitable that some American industries will locate plants abroad, es-

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pecially those involving lower-skilled labor, but that the net outcome of NAFTA will be to create far more employment opportunities in the United States than are lost. According to Carla Hills, tariffs on Mexican goods entering the United States now average only 3 percent, and 45 percent of Mexican goods enter duty-free, so that if American industry were inclined to move massively to Mexico, it would already be doing so. It does not, she says, because of advantages that outweigh wage differentials—such as higher education and productivity levels of U.S. workers, superior infrastructure in the U.S., and closer proximity to markets. According to Hills, if U.S. industries were not able to move labor-intensive, low-skill assembly plants to Mexico, they would move them to Asia instead, and locate high-skill management and research facilities there as well.

ON THE positive side, administration officials argue, increased investment in Mexico will create prosperity there—and expanded markets for U.S. goods, thus creating jobs in the United States. According to testimony by Robert Zoellick before the Senate Foreign Relations Committee, more than 100,000 jobs have been created in the U.S. to support *maquiladora* facilities, and during the period of Mexican economic liberalization since 1986, U.S. exports to Mexico have increased from $12.4 billion to $28.4 billion, manufacturing exports have increased from $10 billion to $24 billion, and capital goods exports have increased from $4.6 billion to $9.1 billion. The U.S. trade deficit with Mexico has shrunk from $4.9 billion in 1986 to $1.8 billion in 1990. Not counting Mexican oil exports, the United States had a trade surplus of $2.7 billion with Mexico in 1990. The administration claims that the prosperity associated with Salinas' reforms has created 264,000 new American jobs.

In September 1990, in an effort to resolve the economic dispute over NAFTA, the chairman of the House Ways and Means Committee, Dan Rostenkowski, and the chairman of the Senate Finance Committee, Lloyd Bentsen, requested a study of the subject from the U.S. International Trade Commission, an independent government regulatory agency. In February 1991, the ITC reported back that

> an FTA with Mexico will benefit the U.S. economy overall by expanding trade opportunities, lowering prices, increasing competition, and improving the ability of U.S. firms to exploit economies of scale. Since these gains are likely to outweigh the costs, the U.S. economy will probably gain on net. However, there are likely to be shifts in production so that certain U.S. industries—such as horticultural products—will be disproportionately affected.

The ITC added that the effects of an agreement would be much greater in Mexico than the United States, owing to the difference in the size of the two economies and the fact that Mexico accounts for only 7 percent of U.S. exports, while the United States accounts for more than 70 percent of Mexican exports. The AFL-CIO hotly disputed the ITC's report, but it was extensively cited by the administration in congressional debate and the two legislators who requested it both strongly supported the extension of fast-track authority.

The second major point of contention over fast track involved the environmental effects of NAFTA. The AFL-CIO, various environmental groups, and several major newspapers pointed to severe pollution problems in the *maquiladora* region along the U.S.-Mexican border, including the dumping of toxic wastes and sewage into rivers and ground water. Shortly before fast track was voted on, however, some environmental groups withdrew their opposition in response to administration assurances that it would work with the Mexican government on a pollution-control plan and in response to evidence from the Mexican government—notably, the closing of a major oil refinery in Mexico City—that it was prepared to enforce its comprehensive environmental laws. Influential environmental lobbyists warn, however, that they will oppose NAFTA unless the

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administration mounts a significant clean-up program for the border area and guarantees that Mexico will not provide a haven for corporations fleeing U.S. pollution standards.

The Gephardt Factor

A PIVOTAL figure in the fast-track debate—and certain to be one, as well, in the ratification process—was House Majority Leader Gephardt, a 1988 Democratic presidential candidate, and often regarded as one of his party's leading exponents of trade protectionism. Gephardt disputes this characterization, however, contending that his purpose has always been to open up foreign markets to U.S. exports and to promote trade agreements that are "fair to American workers." In an interview, he said he doubts that free trade with Japan is possible "because our societies and philosophies are so different" and he favors trade quotas instead. With Mexico, however, Gephardt said he does believe that an equitable agreement is possible, if the right terms are negotiated. He supported fast track, but only after inducing the administration to prepare a detailed "action plan" covering job training, environmental protection, worker rights, rules of origin, and other issues. Gephardt told me that he "might well" oppose NAFTA if the administration fails to propose a plan for training American workers to make them productive enough to compete with Third World workers earning $1 an hour or less.

Much to the unhappiness of labor and environmental groups, jobs and the environment are to be handled separately from the main trade negotiations over NAFTA and will not be part of the official agreement. Negotiators have formed seventeen working groups to handle specific trade issues, with serious problems to be passed up to chief negotiators (for the United States, Carla Hills's deputy, Julius Katz) and to cabinet ministers who confer at least weekly by telephone and monthly in person. Negotiating teams have only begun drafting their opening positions, but trade officials and outside observers in Congress and various industry groups expect the most contentious issues to include protection for U.S. agriculture, glassware, and apparel, rules of origin for autos, U.S. efforts to enter the constitutionally restricted Mexican energy industry, investment rules for U.S. entry into the Mexican financial services industry, and methods of dispute settlement.

If principles from the U.S.-Canadian free-trade agreement are transferred to NAFTA, tariff and non-tariff barriers will be lowered on various products on four different schedules—immediately, gradually over five years, ten years, and more than ten years. The United States is likely to seek more than ten years of protection for its most vulnerable industries, notably fruits and vegetables. Horticulture will also be the subject of intense negotiation over national and state pesticide and fertilizer standards. In the auto field, the U.S.-Canadian agreement provided that at least 50 percent of a vehicle's content had to be manufactured in one of the two countries in order for it to be traded duty-free. Labor is pressuring the administration to seek a 60 percent requirement in NAFTA. Besides the percentage of required North American content, there will be extensive discussion on how the percentage is to be calculated: Are indirect costs of production (such as advertising and insurance) to be counted toward a Japanese manufacturer's 40 percent? Should an auto be counted as wholly or partly North American if a major component (say, its engine) contains parts 50 percent fabricated in Japan and 50 percent in North America? How do the parties police for compliance with such rules? In negotiations, each nation will seek rules that facilitate Asian and European investment within its borders, but bar the use of the others' territory for "unfair" penetration of its market.

Mexico's constitution reserves ownership and exploitation of the nation's petroleum reserves for the public, which has translated over the years into a government monopoly over all phases of exploration, refining, and marketing of energy products—and into inef-

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ficiencies such as lagging oil production and an inability to take advantage of natural gas reserves. U.S. negotiators will press for means to allow American companies to involve themselves in exploration, extraction, refining, petrochemical production, pipelines, and retailing. Mexican negotiators want to gain the benefit of U.S. efficiency without sacrificing control or stimulating internal political criticism that Salinas has allowed Mexico's patrimony to be exploited by the United States. One matter as politically sensitive in the U.S. as energy is in Mexico—rules on "labor mobility," i.e. immigration—has simply been ruled out as a matter for discussion.

ANOTHER complexity lies in dispute settlement. The U.S.-Canadian agreement created a binational commission to handle appeals, but it is empowered to evaluate only whether the countries' own trade laws were fairly administered. Canada and the United States, however, have similar English legal systems, whereas Mexico's is based on Napoleonic tradition and its judiciary is accused (especially by U.S. opponents of NAFTA) of being subject to political influence and bribery.

Richard Gephardt and others point out that the U.S.-Canadian agreement—220 pages long and nearly two inches thick—required three years to negotiate and then was the central issue in Canada's 1988 national election campaign. Gephardt doubts that it will be possible for three countries that do not share a common language, standard of living, or political system to conclude such a complex agreement within six or nine months. However, other observers—such as Timothy Bennett, a former U.S. trade negotiator now representing the Mexican private sector—believe it is entirely possible, given the precedents established in U.S.-Canadian negotiations. Carla Hills is endeavoring to speed the process along by conducting close consultations with dozens of industry advisory groups and with Congress about what positions to take in negotiations. She is, in effect, lobbying for ratification of NAFTA even as she negotiates it.

Assuming that Hills is successful in satisfying industry, and that other administration officials can work out adequate programs on the environment and worker training, there is one final set of issues that opponents of NAFTA conceivably could raise in a ratification debate (although they did not in the fast-track debate): human and political rights in Mexico. In 1988, Salinas and his Institutional Revolutionary Party (PRI) were declared to have won the presidential election with 51 percent of the vote, but it is widely believed that he actually received fewer votes than his leftist opponent Cardenas and that only PRI domination of the government and of Mexico's electoral machinery allowed him to take office. Salinas is far more popular today than he was in 1988 and Cardenas has faded as a political force. Also, Salinas has instituted a number of political reforms, including the holding of primary elections in some states. But the PRI continues to be accused of voter fraud and U.S. human rights groups such as Freedom House and Americas Watch allege that the PRI and police agencies still use violence to put down labor and political dissidents. Before a final vote is taken on NAFTA, Salinas is likely to be called upon to make assurances to advance glasnost in Mexico to match his unquestioned record on perestroika.

Whatever he does, however, President Bush is likely to support him. When Salinas expanded Mexican oil production to support Bush's embargo against Iraq, Salinas became a partner in Bush's New World Order and Bush wants to help him all he can.□

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Supping with Devils

Peter W. Rodman

THE CAMBODIAN ceasefire accord, reached in June at a meeting of the warring Cambodian parties at the Thai beach resort of Pattaya, was a promising step toward settlement of the country's long and bloody conflict. The Communist regime in Phnom Penh and the three resistance groups arrayed against it (Sihanouk's National Army, the Khmer People's National Liberation Front, and the Communist Khmer Rouge) agreed to make a functioning reality of the Supreme National Council—representing all of them—that was called for in a United Nations peace plan last year. The Council convened in Beijing in July under the chairmanship of Prince Norodom Sihanouk. In principle, foreign arms supply to all sides is to stop and the UN is to play an important role in managing a transition to free elections. Many issues remain to be settled, however.

The news from Cambodia seemed to fit a global pattern of encouraging developments in regions of tension. It was as if the world were tying up all the loose ends of the Cold War conflicts left over from the 1970s. So far in 1991 we have seen completion of Cuban and South African troop withdrawals from Angola, a political accord among the Angolans, Soviet abandonment of the Mengistu regime in Ethiopia, and now progress toward a Cambodian settlement. This follows upon the 1990 democratic election in Nicaragua and the 1989 deadline for both the Soviet pullout from Afghanistan and the Vietnamese troop withdrawal from Cambodia.

The removal of foreign forces reduced the strategic danger that these conflicts posed. But reconciliation among the internal parties is bound to be much harder. Henry Kissinger used to say that no civil war in history ever ended in a coalition government. Civil wars are usually for keeps. Diplomacy in Cambodia, moreover, has been a challenge qualitatively different from the others—a Sisyphean struggle to reconcile the irreconcilable, to find a basis for compromise that will include a group that is dreaded by all the others as the embodiment of absolute evil.

The United States has had a weak hand from the beginning, and our lack of leverage is the most salient fact of the whole process. Since Vietnam's invasion in 1978, we have rightly rejected the Phnom Penh regime as the bastard child of Hanoi. We maintained economic sanctions against both Hanoi and Phnom Penh, and we rejected the Khmer Rouge, whose terror against their own people before they were ousted by Vietnam's invasion reached genocidal proportions (at least

Peter W. Rodman, a former National Security Council official in the Reagan and Bush administrations, is writing a book on Soviet and American diplomacy in Third World conflicts with support from the U.S. Institute of Peace. The views here are his own.

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one million dead out of a population of seven million).

The Soviets armed Hanoi and Phnom Penh; China armed the Khmer Rouge against them. But as resistance to the Vietnamese invaders spread, the United States could not bring itself to give substantial assistance to the noncommunist elements in the resistance—the decent people trapped in the middle, Sihanouk's National Army and the KPNLF, the remnant of Cambodian civil society that survived the Khmer Rouge genocide and who we can only assume represent the vast majority of the population. In their struggle against the Phnom Penh regime, the noncommunists found themselves involuntarily in the frightening position of being the weaker party in an uneasy alignment with the Khmer Rouge. They did receive some aid from the Chinese.

The military weakness of the noncommunist resistance (NCR) has assured the political dominance of the communist antagonists and our corresponding lack of leverage over the course of events. All the communist powers—the USSR, China, Vietnam, and their Cambodian clients—acted according to their own strategic necessities. The war turned into a bloody stalemate. Progress toward a settlement was glacial. Diplomatically, the United States deferred to the Association of Southeast Asian Nations, which gave political backing to the NCR and indeed preferred that we stay in the background (given the limits of what we were prepared to do). Australia also played a diplomatic role.

Policy and Politics

WHY THIS absence of direct U.S. support? Even the Reagan administration, champion of "freedom fighters" around the globe, shied away. It feared a congressional outcry over the very idea of U.S. re-intervention in Indochina; its operational experts disparaged the fighting ability of the NCR (a reasonable judgment, but also self-fulfilling); it did not share the Nixon-Kissinger-Brzezinski sense of geopolitical partnership with China, which might have led it to see a larger stake in frustrating Soviet/Vietnamese hegemony. Ironically, the pressure to do something came from Congress—more precisely, from Democratic Representative Stephen Solarz of New York.

Solarz was the author of an important article in the *New York Times* in June 1985 urging his fellow Democrats to be more "tough-minded" in the geopolitical arena. Solarz became an enthusiastic supporter of the Afghan *mujaheddin*, for example. He disparaged the Nicaraguan and Angolan insurgents, but, to his everlasting credit, he adopted the Cambodians. The administration went along with Solarz, providing the NCR with overt economic aid of about $5 million a year beginning in 1985, on top of a modest covert program (also non-lethal) that reached a reported $20 million a year. It was not enough to be of decisive help.

The Bush administration continued the main lines of Reagan's regional policy, but with even less emotional commitment to the "freedom fighters." With the withdrawals of external forces, these conflicts were seen to have lost much of their strategic significance. The new administration saw the central strategic relationship with the Soviets—especially in Europe, where a dramatic upheaval was brewing—as more important than the declining competition on the periphery.

The first breakthrough in Cambodia—the Vietnamese troop withdrawal (a significant partial pullout in 1988 and then a complete withdrawal of combat troops by September 1989)—was therefore the product of forces at work in which the United States played no major part. Certainly, Hanoi was feeling the continuing pain of its international isolation and the U.S. economic embargo. But the new factor that broke the impasse was Gorbachev's drive for rapprochement with China. If he removed what China called the "three obstacles" to Sino-Soviet relations—Afghanistan, Cambodia, and the border threat—he could gain a strategic coup with the Chinese. So Gorbachev undoubtedly used his influence with the Vietnamese to

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push for a commitment to withdraw from Cambodia, and after it came he was invited for his historic May 1989 visit to Beijing. Just as Brezhnev had subordinated Hanoi to U.S.-Soviet relations at the time of Nixon's Moscow summit in 1972 (when Nixon had just ordered the mining and bombing of North Vietnam), so Gorbachev subordinated Hanoi to the needs of Sino-Soviet relations in 1988–89.

Various diplomatic efforts have been undertaken on behalf of Cambodia. There was the idea of an informal "cocktail party" in 1987–88, first among the four groups of Cambodians, then with Vietnam present. There were the "Jakarta Informal Meetings" in 1988 and 1989 (all the Indochinese parties plus ASEAN). The Chinese and Vietnamese began talking on the subject in January 1989. The issues in the negotiations did not change much: Hanoi, Phnom Penh, and their supporters sought to trade the Vietnamese troop withdrawal for a cutoff of external aid to the NCR; the Bush administration and ASEAN correctly insisted that a settlement had to be "comprehensive," resolving the internal political conflict (as well as controlling the military capability of the Khmer Rouge). The resistance insisted on a real turnover of power to some new body in Phnom Penh in advance of any new elections; Phnom Penh refused any diminution of its control in the interim before elections.

Some form of compromise among the four Cambodian parties seemed essential for any settlement. It was an uncomfortable conclusion for U.S. diplomacy because it meant, among other things, treating the Khmer Rouge as a party without whom a settlement was not possible. This policy was soon under attack: the Bush administration found itself bitterly (and unfairly) accused of *wanting* to bring the Khmer Rouge into a coalition government. Perversely, the small amounts of non-lethal aid we gave to the NCR were challenged as objectively helping the Khmer Rouge, since the NCR remained essentially weak and any erosion of Phnom Penh's control would arguably benefit mainly the Khmer Rouge. Accusations were made (never substantiated) that significant U.S. material help provided to the NCR found its way into Khmer Rouge hands. NCR forces in the field were said to be coordinating military moves with the Khmer Rouge and increasingly relying on them—which was probably true, but was obviously a function of their lack of independent support from us.

The administration's diplomatic position and policy on the ground were thus both under assault. It was urged to abandon the war against Phnom Penh and Hanoi, indeed to join with them in blocking the hated Khmer Rouge.

Gambling on Sihanouk

THE POLICY of backing the noncommunist resistance was not without serious drawbacks and dangers. The NCR never showed promise as an independent fighting force; it suffered from failures of leadership and discipline. Our trying to ride two horses—opposing both Phnom Penh and the Khmer Rouge—was a risky gamble. How could we possibly overthrow the one without removing the main barrier to the dominance of the other? But the administration's true calculation was never well articulated, and the alternative proposed by its domestic critics was no real alternative at all.

The U.S. strategy was really a gamble on Sihanouk, who was widely believed to retain a significant base of popularity in the country as well as a unique international acceptance among all the interested powers. The United States sought a political deal because in cease-fire conditions the NCR's military weakness would be less decisive and Sihanouk's international and domestic prestige would turn into greater political leverage against both Hanoi and the Khmer Rouge. The flow of outside weapons—from the Soviets to Phnom Penh and from the Chinese to the Khmer Rouge—would be halted *only* in conditions of a political deal. Neither Moscow nor Beijing would cut off its client unless the other did the same; each was apparently willing to do

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so (or to reduce aid substantially) if the other did, because in their pursuit of rapprochement they were willing to put the Cambodian issue on ice on some fair basis. The key diplomatically was to get the Phnom Penh regime to turn over a substantial share of power—not to the Khmer Rouge, but in effect to *Sihanouk* (who all agreed would preside over whatever compromise structure emerged).

A U.S. tilt toward Hanoi *before* a political deal would not stop the Khmer Rouge; on the contrary, it would guarantee continuation of the war and of Chinese aid to the Khmer Rouge (as well as Soviet aid to Phnom Penh). *After* a political deal, it was highly likely that Sihanouk, a master political balancer, would tilt toward Hanoi sufficiently to outmaneuver the Khmer Rouge (and in the opposite direction, if he needed to keep Hanoi at bay). Sihanouk had lost several members of his family to the Khmer Rouge genocide; he needed no instruction in what they represented. Yet he (and we) understood that the best hope for the survival of the noncommunists was to *stop the war* and turn the military contest into a political one in which the noncommunists could compete on the basis of their maximum strength. Aid to the noncommunist resistance would never turn it into a military tiger, but it would strengthen its political clout—as well as assure its survival while the war continued.

What the administration's critics proposed—siding with Phnom Penh against the Khmer Rouge—was a formula for torpedoing the diplomacy and prolonging the war, with no assurance of a decent outcome. The Phnom Penh regime was a weak reed, lacking legitimacy (many of its leaders being former Khmer Rouge themselves). The critics' idea may have been well intended, but it was not an effective formula either for a political solution or for stopping the Khmer Rouge.

The Bush administration stuck to its guns on the diplomatic track, which took some courage, and it went even further: in 1989 it made an unprecedented bid for congressional support for *lethal* military aid to the NCR, and nearly got it.

Because of the courage and persistence of Solarz (and Republican Representative Bill McCollum of Florida), the House passed a bill authorizing lethal aid. But the Senate was a hotbed of active opposition. Liberals like Senators Byrd, Cranston, Kerry, and Pell were urging less, not more, support for the NCR. Yet in July 1989, Senator Robb of Virginia submitted an amendment that would put the Senate too on record as supporting lethal aid.

The prospects were not good. The administration hesitated to spend political capital. Yet the bill passed—by the remarkable margin of 59–39—after an impassioned late-night debate on July 20. Much of the credit goes to Vice President Quayle, the principal repository in the administration of ideological commitment to anticommunist resistance movements, who encouraged Robb and spent much of the night of the Senate vote in intense floor lobbying of his former colleagues.

With both houses of Congress now on record, that should have been sufficient for the Intelligence Committees to give a green light to a program along these lines. But not so. There was a further congressional hurdle: where reprogramming of funds is needed, permission of the appropriations committees is required. The chairman of the Senate Appropriations Committee was Robert Byrd—a passionate opponent of aid for the Cambodians. There it sat.

Disappointment in Paris

WITH THE Vietnamese scheduled to be out of Cambodia by September 1989, French President Mitterrand proposed a peace conference in Paris for the end of July. On the surface it seemed an appropriate moment for an initiative. In reality, the French had no plan. The moment when diplomatic movement was likely would be *after* the Vietnamese withdrawal was completed—when the parties had had a chance to test the new balance of forces on the ground. Before then, none of the parties could be

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expected to take big steps or risks. The conference was thus more a product of French vanity than of any strategy.

The Paris Conference of July-August 1989 produced no significant result, which was no surprise to the American delegation. In fact, the Americans were satisfied that they had kept the need for a "comprehensive" settlement high on the agenda, that is, insisting on a political change in Phnom Penh as well as on Vietnamese troop withdrawal. Secretary Baker made a forceful speech in Paris and the point was reflected in the communique.

But the Paris Conference turned out nonetheless to be a disaster. It demoralized the American government, doomed any chance of lethal aid for the NCR, and revived with new vigor opponents' charges that U.S. policy was objectively supporting the Khmer Rouge.

At the Paris Conference, American officials had to suffer Sihanouk at his worst. They came away suffering from "Snooky Shock." He publicly flaunted his tactical alliance with the Khmer Rouge, blocking, for example, Phnom Penh's efforts to insert a condemnation of "genocide" into the conference documents. It was a public relations disaster, to put it mildly. U.S. officials came home depressed and disillusioned with the temperamental prince on whom our diplomatic strategy had rested.

IT WAS easier for those of us sitting in Washington a few thousand miles away, not having to witness Sihanouk's performance at close hand, to see the method in his madness. In his eyes, the tactical necessity was to continue to squeeze Hanoi and Phnom Penh; he (and we) had to resist rising to the bait of an untimely battle with the Khmer Rouge, letting Hanoi off the hook. In Sihanouk's calculation, the confrontation with the Khmer Rouge was bound to come in due time—but preferably *after* a political settlement in which the two communist forces were cut off from arms supplies and the noncommunists were put in a more pivotal position.

Nevertheless, the failure of the Paris Conference was trumpeted in the media. It was unfairly seen as a failure of *our* policy (when in fact its convening had no part in our strategy) and it was seen to discredit Sihanouk, on whom our policy did indeed depend. Congressional and media pressures mounted on the administration to change its policy. The administration did not yet bend, but it lost heart. It made no further effort to salvage lethal aid for the NCR.

In January 1990, diplomacy took a more positive turn. The Australian foreign minister, Gareth Evans, proposed that the United Nations organize elections in Cambodia and oversee the country's administration in the interim. Opposing military forces would be regrouped, then disarmed and demobilized. This proposal was accepted by all five permanent members of the Security Council (the "Perm 5").

It was a much more attractive concept than sharing power with the Khmer Rouge. It calmed the congressional pressures for a time. The Soviet and Chinese endorsement of such a scheme seemed an especially hopeful sign. Yet the difference between this and our earlier negotiating position was not as great as it seemed. No such interim arrangement could possibly come into effect until the four Cambodian parties reached some understanding and *modus vivendi* among themselves, including an acceptance of the balance of forces among them. Thus it would require a quadripartite deal—including the Khmer Rouge—just as the administration's previous policy had. (This is more or less what was to happen in the summer of 1991.)

The obstacles remained the same: continuing fear of the Khmer Rouge, and Phnom Penh's unwillingness to cede real power to *anybody*—even the United Nations. But pressures for a settlement were also growing. The bankrupt Soviets clearly signaled to Vietnam their inability to afford subsidizing a war that was going nowhere. Vietnam and China, both now pariahs in the international community (Vietnam because of its Cambodia aggression, China because of Tiananmen), had an increasing incentive to cut a deal to reduce the international pressures on them.

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Am I to Fight?

I am sorry for the Spaniards—I am sorry for the Greeks—I deplore the fate of the Jews; the people of the Sandwich Islands are groaning under the most detestable tyranny; Baghdad is oppressed; I do not like the present state of the Delta; Tibet is not comfortable. Am I to fight for all these people? The world is bursting with sin and sorrow. Am I to be champion of the Decalogue, and to be eternally raising fleets and armies to make all men good and happy?

Sydney Smith, 1824
in W.H. Auden, ed., *Selected Writings of Sydney Smith* (New York: Farrar, Straus, 1956).

The good news was that these developments among the Communist powers were pushing Cambodia closer to a political solution. The bad news was that the noncommunists' voice in all this was feeble. What kind of an outcome was such a "red solution" likely to be, with all the Communists cutting a deal among themselves?

U.S. policy risked weakening the noncommunists even further. In the spring and summer of 1990, Khmer Rouge forces seemed to be making headway on the ground (which turned out, as usual, to be exaggerated). Congressional fears and pressures grew again. A tendentious ABC News documentary railed against alleged American collusion with the Khmer Rouge. In July 1990, yielding to these pressures, the State Department tilted in the direction of Phnom Penh—agreeing for the first time to talk directly to it and to withdraw support for the coalition's UN seat (which had been thought to legitimize the status of the Khmer Rouge). Secretary Baker confirmed the policy shift while in a joint news conference with Soviet Foreign Minister Shevardnadze. Our ASEAN allies, who learned of the shift from press reports, were upset at what they saw as an untimely tilt toward Phnom Penh when it was still firmly resisting power-sharing. Administration officials privately expressed the hope that the move—including the (unintended) appearance of U.S.-Soviet collusion—would scare the Chinese into reining in the Khmer Rouge, which would in turn reassure everyone else. In any case, congressional funding for the NCR might well have been cut off if the administration had not made some such shift.

Vindication and Absolution

CRITICS who welcomed the move had a variety of motives. Many genuinely feared our policy was playing into Khmer Rouge hands. Others had a different agenda. *Washington Post* columnist Stephen Rosenfeld wrote at the time: "The expressed relief, or much of it, may have had less to do with new prospects in Cambodia than with the feeling that it is past time to set matters straight with Vietnam." The administration's shunning of Hanoi's puppets in Phnom Penh was said by critics to reflect a "hang-up" about losing the Vietnam War; Hanoi was said to be ready for peace and economic development, yet we were pursuing a vendetta. For some of these critics, veterans of the old antiwar movement, Cambodia was—dare I say it?—a sideshow to their larger goal of a grand reconciliation between Washington and Hanoi, symbolizing a kind of vindication—if not absolution—for their ancient cause.

This cannot be the basis for a sensible or defensible Cambodia policy. The United States is indeed still paying the price for losing the war—after which it can hardly expect to have a strong say in the country's future no matter how noble its present intentions. Or rather, the noncommunist remnant is again paying the price, having barely escaped annihilation in the mid–1970s only to fear abandonment by us yet again in the 1980s and 1990s. Vietnam's invasion in 1978 did the Cambodians a great service by ending

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the Khmer Rouge genocide, but they have the right to be free of Vietnamese Communist hegemony as much as to be free of Khmer Rouge terror. (It was Hanoi's riding roughshod over neutral Cambodia in the mid–1960s that threw Cambodia into the spiral toward hell in the first place.) Conceding Cambodia to the Vietnamese is no solution; it would represent yet another betrayal of the noncommunist majority. Nor would the Chinese permit it.

TODAY, on the surface, the Supreme National Council unites all the warring Cambodian factions in a continuing dialogue. The subject of that dialogue remains, ostensibly, the UN plan endorsed by the Perm 5. But beneath the surface the undertow of events may be pulling toward a "red solution"—a deal struck between Hanoi and Beijing, forcing an accommodation between Phnom Penh and the Khmer Rouge. Hanoi and Phnom Penh are gaining ground internationally: France is tilting toward Phnom Penh under the influence of Mitterrand's ideological adviser—Madame Mitterrand; Japan is tempted by business prospects in Vietnam. Now, Sihanouk and even the Chinese feel under pressure to bow to Hanoi's refusal of a serious UN role in administering the country. Both Phnom Penh and the Khmer Rouge seem quite content to put off the UN plan's provisions for demobilization of opposing armies.

Emasculation of the UN plan would mean the erosion of the Cambodian people's only real hope for a genuinely free election, a democratic outcome, and security from terror. Ironies abound. The Phnom Penh regime of which administration critics are so enamored will have made the deal with the Khmer Rouge that Sihanouk and the NCR were wrongly accused of (and penalized for). The UN solution that attracted such international support will have been undercut by our failure to sustain the independent, democratic forces in Cambodia that had the most stake in it.

Congressional opponents compound the problem by continuing to squeeze out the noncommunist resistance. Their latest effort would constrict even economic aid to them and force the lion's share of U.S. aid to go elsewhere, especially to areas controlled by Phnom Penh.

In Afghanistan, Nicaragua, and Angola it is now self-evident that support for anticommunist resistance movements was not an obstacle to a fair political outcome; it was the precondition for it. The same is true of Cambodia. Our present anxiety in the face of one of the most precarious political settlements imaginable—and the continuing danger that the decent people of Cambodia will be ground up once again between the two gangs of Communist thugs—are the direct result of our failure to bolster our friends. America has denied itself leverage, and not only the administration's objectives but even those of its critics have been undercut.

The hopeful compromise of the summer of 1991 may or may not stick. It may or may not turn into a democratic outcome. The United States has a strategic and moral responsibility to see these regional conflicts through to a stable and defensible result. But the Bush administration will continue to find American influence weakened, not strengthened, if it is overwhelmed by domestic pressures that offer no realistic alternative policy. Aid for the noncommunists—albeit non-lethal—is even more needed now if the Cambodians are truly headed into a political contest. The decent people of Cambodia deserve, finally, a chance for independence, security, and freedom. If we don't give them tangible help now, they will never have that chance.□

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Unfreezing Korea

Doug Bandow

THROUGHOUT the dramatic year of 1989 the highly militaristic and secretive Hermit Kingdom of North Korea remained apparently unaffected and apart. Rather than follow the lead of his one-time Soviet patron in adopting glasnost and perestroika, Pyongyang's "Great Leader," Kim Il-sung, withdrew North Korean students from Eastern Europe in order to contain the freedom virus and moved closer to China's gerontocracy, a regime which used bullets to retain power.

Two years later, little has changed on the surface. North Korea's million-man military remains arrayed for war north of the Demilitarized Zone and Pyongyang appears dedicated to building a nuclear weapon. Joint Chiefs of Staff Chairman Colin Powell recently opined that he was down to just two "demons" to justify the Pentagon's budget: Kim and Fidel Castro. The Bush administration is resisting pressure to accelerate troop cuts on the peninsula—now set at 7,000 out of 43,000 by 1993—and Secretary of State James Baker has attempted to discourage the ASEAN countries from organizing regional meetings on security issues for fear of weakening America's bilateral ties in East Asia. "We ought to be careful about changing [existing arrangements]," he cautioned in response to proposals that Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand integrate their economic and security planning independently of the United States.

Yet even the obvious threat posed by the North's potent military cannot obscure signs of a thaw on the peninsula. Last fall North and South Korean officials met formally for the first time in forty years and began negotiations on a non-aggression treaty; a spokesman for Pyongyang stated that "the two sides laid the foundation for expanded dialogue by fully presenting their positions." Although North Korea (the Democratic People's Republic of Korea) canceled the February meeting between the two nations' prime ministers and has continued its sharp rhetorical attacks on the South, the two countries recently agreed to restart the talks. Moreover, other contacts between the two countries are expanding.

Indirect trade between them ran to $127 million in the first half of 1991 and in July the two governments agreed to their first direct deal, with South Korea (the Republic of Korea) exchanging rice for cement and coal. While the North limited the size of Seoul's delegation to an inter-Korea parliamentary meeting earlier this year in a fit of pique over U.S.-ROK military exercises, the conference

Doug Bandow is a senior fellow at the Cato Institute and co-editor of *The U.S.-South Korean Alliance: Time for a Change*, forthcoming from Transaction. He formerly served as a special assistant for policy development to President Reagan.

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was still held. More recently the two Koreas fielded a joint table tennis team and a joint youth soccer team which competed in their respective world championships. The two governments are now discussing the team for the 1992 Summer Olympics and joint sponsorship of the 1993 World Table Tennis Championships.

EVEN MORE significant is the fact that both North and South Korea appear poised to join the United Nations. The South has long wanted to enter the international body, but the North, arguing that separate memberships would reinforce the peninsula's division, instead advocated a joint seat. Until now the North was backed by the veto power of its two allies, China and the USSR, since the Security Council must approve all applications. However, Moscow's official recognition of South Korea last year removed the threat of a Soviet veto of ROK membership. More recently Beijing opened a trade office in Seoul and apparently told Pyongyang that it would no longer block South Korea's application. To avoid almost total isolation, the North now says it will apply for its own seat.

The weakening support from its main communist allies further isolates the DPRK, which maintains diplomatic relations with just 105 states, compared with 148 for Seoul (90 recognize both countries). Pyongyang has recently closed its embassies in a dozen African nations, probably for economic reasons. To compensate, the North has begun searching for new friends. Pyongyang recently agreed to establish diplomatic relations with the Philippines and end its aid to the communist guerrillas there, and is also negotiating with Japan over formal recognition and financial aid. Although the discussions have so far achieved little, foundering over Pyongyang's demand for billions in aid and its refusal to allow international inspection of its nuclear facilities, the mere fact that the North is talking to its one-time colonial master demonstrates that important changes are occurring.

North Korea, which now hosts some fifty-three joint ventures, is trying to expand its international economic ties. Its Kumgangsan Airline has begun flying to Hong Kong and Japan and the airline's chairman recently suggested inaugurating direct air service with Taiwan as well. The DPRK is also proposing to export coal, gold, uranium, and zinc to Japan.

Under virtually unanimous international pressure, including from China and the USSR (which has been particularly blunt, threatening to halt shipments of nuclear fuel and technology), North Korea may be preparing to accept UN inspection of its nuclear facilities. The International Atomic Energy Agency says that North Korean officials have agreed to allow inspections, though the formal pact has yet to be signed. North Korea's special envoy, Ambassador Jun Chung-guk, too, has said that his nation intends to fulfill its responsibilities under the Non-Proliferation Treaty, which it signed in 1985. However, Pyongyang has been simultaneously pushing to include inspections of U.S. facilities in the South that allegedly contain tactical nuclear weapons (as well as demanding that Washington promise not to use such weapons against the North), and it is not clear whether North Korea regards such a step to be a precondition to accepting oversight on its own territory. The DPRK's latest proposal is for a nuclear-free peninsula guaranteed by China, the United States, and the Soviet Union.

There even seems to be interest in warming relations with the United States. In an interview with a Japanese newspaper, Kim Il-sung observed that "if we can resolve the difficult problems affecting North Korean-U.S. relations, it will help smooth out differences in our relations with Japan." Pyongyang recently returned the remains of several U.S. soldiers and said it would aid Washington in searching for the remains of 9,000 other MIAs. The North Korean UN mission is also circulating a brochure encouraging foreign investment, citing their country's willingness to allow "full and tax-free remittance

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of all dividends and capital." Pyongyang has accepted an invitation from the U.S. Soccer Federation to play in America. The North Koreans are also expected to send a gymnastics team to compete in the World Gymnastics Championships, to be held in the United States in the fall. Until now teams from the North and the United States have competed only on "neutral" ground. As a spokesman at the South Korean embassy observed, "It's an indication that North Korea is attempting to break out of its self-imposed isolation and is trying to adapt to the external changes that have taken place around its borders."

It may well be that there exists in Pyongyang what the Carnegie Endowment's Selig Harrison has called a "policy struggle" between hardline traditionalists and more moderate technocrats. As far as we know, no one has formally challenged Kim's hold on power, though Pyongyang radio recently denounced "impure elements who tried to damage the clean tradition of the revolution by Kim Il-sung." But at least some officials seem genuinely to want their country to re-join the international community.

Cold War Creations

THESE CHANGES are particularly welcome because the policies of the two Koreas have reflected unremitting enmity for more than four decades. Indeed, today's problems go back to Japan's defeat in 1945 and the subsequent division of Korea (a Japanese colony for thirty-five years) between the United States and the Soviet Union. The division was meant to be temporary, but the peninsula nation, like Germany, was a victim of the onset of the Cold War. Two opposing regimes, the Northern one ruled by former anti-Japanese guerrilla Kim Il-sung and the Southern controlled by longtime nationalist Syngman Rhee, arose. Both claimed to be the legitimate government for the entire peninsula and both encouraged incessant border incidents. While the United States refused to provide Rhee with heavy weapons lest he make good on his promise to march north to recover the "lost territories," the Soviet Union was less worried about the possibility of conflict, and on June 25, 1950, Pyongyang launched its war of conquest.

The United States intervened, soon followed by China. The see-saw war essentially settled back where the conflict had begun, and an armistice was signed by all but South Korea on July 27, 1953. A defense treaty between the United States and the ROK was ratified the following year. But no final peace was ever negotiated, leaving a perpetual state of cold war that occasionally flared up with vicious firefights along the DMZ. China withdrew its forces in 1958, but 43,000 U.S. troops still remain, backed by ample air and naval forces and, it is thought, tactical nuclear weapons.

The main purpose of the American presence was always to deter another North Korean attack. In its early days the ROK was poorer, more unstable, and less well armed than its Northern antagonist. By most accounts, however, Seoul overtook Pyongyang economically in the 1970s. Today the ROK's per capita GNP is roughly $6,300, thought to be more than five times that of the North (though reliable figures for the latter are hard to come by). Given a South Korean population that is double the North's, Seoul boasts an economic edge that likely exceeds eleven-to-one.

This broad measure probably underestimates the South's advantage. Seoul enjoyed double-digit growth rates in the late 1980s and even now is growing at a rate of 9.5 percent, the highest growth rate in Asia, and much faster, with a larger base, than the North (whose economy, at best, has been expanding at about 2 percent a year—though some Soviet economists maintain that the North's output actually *fell* by 5 percent last year). In the North, few buses run because of gasoline shortages, lights are turned off to save energy, and rice rations have been sharply reduced. The South has a vast technological lead—competing successfully in world auto and computer markets, for instance—and an ability to borrow internation-

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ally. The North's industry is quite primitive in comparison and its decision to welsh on nearly $800 million in foreign debt has made it *persona non grata* in global capital markets; not surprisingly, Pyongyang's trade has actually been shrinking in recent years.

The Power of the Purse

SOUTH KOREA'S economic prowess has ended the pariah political status it suffered two decades ago and has even attracted the attention of both the USSR and China. The former began cultivating economic ties with the South during the 1988 Olympics, which was attended by all but the most ideologically driven regimes like Albania and Ethiopia. Seoul is now extending credits and promising aid to Moscow. In return, the Soviet Union has formally recognized South Korea, apologized for shooting down the Korean airliner in 1983, promised high technology transfers (including nuclear energy), and offered to sign a treaty of amity and cooperation with the ROK. When Mikhail Gorbachev and Roh Tae-woo met earlier this year in South Korea—no Soviet leader had ever before visited either South or North Korea—Roh agreed to release $800 million in trade credits to the Soviet Union and back private investment plans by Hyundai and other firms. Trade between the two countries ran to $900 million last year and is expected to hit $1.5 billion this year. Projections for 1995 run as high as $10 billion.

At the same time relations between Moscow and Pyongyang have cooled. Moscow's recognition of Seoul was a bitter pill for the North, but the end of Soviet aid to them may be more significant. The USSR stopped its subsidized cotton, oil, and steel shipments to them and demanded hard currency for its exports.

Relations between Beijing and Seoul are also warming. Earlier this year Beijing exchanged commercial offices with Seoul over Pyongyang's objections. Trade between the ROK and China totals about $3.5 billion, more than seven times that between the North and China; in fact, the ROK is China's eighth largest trading partner.

Although the bitter conflict in China in mid–1989 caused Beijing to move closer politically to the North, that shift appears to have had little practical impact. Chinese officials desire regional stability, and a conflict on the peninsula would dramatically complicate their simultaneous attempts to suppress domestic opposition and encourage foreign investment. China's economic troubles and increased international isolation have made South Korean investment (already more than $300 million), trade, and assistance even more important. It is probably for these reasons that China has rejected North Korean requests for more economic and military aid over the last two years and apparently refused to promise a veto of the ROK's UN membership application. Although China is not yet ready to recognize Seoul, such a step is certainly possible in the near future. No one expected the Soviets to abandon their Northern ally as fast as they did.

The modest warming of relations between the USSR and China has also benefitted Seoul by reducing Pyongyang's ability to play one communist power against another. Today neither China nor the Soviet Union feels particularly threatened by the other—in fact, the USSR has cut its troop strength along their mutual border—and therefore neither is willing to pay much for an unpredictable ally whose friendship offers little of practical value.

Stability and Succession

THE SOUTH is also gaining on the North in terms of political stability, even though Seoul's political situation remains fractious. The struggle within the ruling Democratic Justice Party, a coalition of three formerly competing parties strung together in early 1990, is likely to become more vigorous as Seoul's 1992 presidential election approaches, and growing democracy has done little to eliminate the centrality of "strong men" to the political

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system. More than 1,000 political prisoners remain in custody and the government has been particularly tough on labor organizers. In addition, the South was rocked this spring by the largest student demonstrations since 1987.

Unlike the situation four years ago, however, when widespread resentment of President Chun Doo-hwan's authoritarian rule resulted in a "people power"-type revolution, today the middle class seems basically satisfied. As a result, the student activists, who in fact represent only a minority of all students, received little support for their demand that President Roh step down. Apathy turned to disgust after Prime Minister-designate Chung Won-shik was physically assaulted when he went to speak on campus. In the subsequent local elections, the ruling party was swept to a surprisingly large victory, taking 560 of 866 seats. All told, President Roh Tae-woo appears to have successfully edged the military away from politics and created a relatively free and stable environment for next year's national elections.

At the same time, the political climate in the North is growing more uncertain. Kim Il-sung will turn eighty next year and questions grow about the planned succession of his son, "Dear Leader" Kim Jong-il, especially concerning his relationship with older military leaders. Stories of modernizers battling against traditionalists ring true, though no solid proof of such a struggle exists. Westerners who have met with younger North Koreans have found them to be curious about the rest of the world and skeptical about what they have been taught. Pyongyang's tentative openings to noncommunist nations seem likely to increase North Korea's contacts with outsiders, and hence the pressure for change. Moreover, while the political ground for an upheaval is not as well prepared as it was in East Germany—North Koreans have no access to South Korean television, for instance, while 80 percent of East Germans could view West German stations—the economic crisis in the North is far worse and could help force political change.

The Military Balance

ONLY IN immediately available military strength does the North remain superior to the South. A large-scale build-up in the late 1960s and 1970s has yielded Pyongyang a numerical lead in most categories of active duty forces. Its army is also stationed in forward positions along the DMZ, well placed to launch another invasion should Kim Il-sung believe the moment to be propitious.

The ROK is not Kuwait, however—it is not there for the taking. The mountainous terrain favors the defense, for it would channel Northern tanks into the South's fortifications and obstructions. Seoul possesses a larger reserve, more modern weapons, better-trained soldiers, and a stronger economy with which to back its military. Even without the presence of American troops the North would have no certainty of victory if it launched an attack; its doubts in this respect were undoubtedly multiplied and reinforced by the easy triumph of the West's high-tech arms over Iraq's Soviet-style army in the Gulf War.

In so far as South Korean military deficiencies exist, they are largely the result of the American defense guarantee, which has relieved Seoul of the need to further augment its forces. Seoul spends an unimpressive 4.3 percent of its GNP on defense, down from 6.2 percent in 1981. Inflation-adjusted military outlays actually fell slightly this year, compared with 5 percent real increases during the 1980s. With an economy many times the size of its Northern antagonist, Seoul could obviously spend a great deal more to counteract however much Pyongyang commits to the military.

So long as the United States maintains a trigger for military involvement, however, South Korean politicians are under no pressure to expand their forces to cover areas, such as air-to-ground support, now handled by the United States. Their attitude may be summed up by the comment of one member of the ruling party at the conference of the

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Council on U.S.-Korean Security in late 1989, when he responded to proposals for additional South Korean military expenditures: "We have needs in health and education that must be met." That is true, of course, but the ROK is spending money on many projects—such as the development of a commercial satellite launching capability—which seem less important than defense. And a nation that has promised $3 billion in aid to the essentially bankrupt USSR can not convincingly argue insufficient funds. The South has firsthand experience with the potentially disastrous costs of military weakness.

In fact, the South Korean government has proclaimed its willingness to "maintain its own defense" by the year 2000. But there is no reason why it should take so long. The limited Nixon troop withdrawals at the start of the 1970s spurred a major expansion of the South Korean military: according to the U.S. Arms Control and Disarmament Agency, military spending more than quintupled between 1975 and 1985, going from $1.1 billion to $5.6 billion, and the latest estimate is $7.2 billion in 1988, well above North Korea's $5.8 billion.

What We Should Do

THE FACT that North Korea is competing in a race that it simply cannot win now seems evident even to Pyongyang. North Korean officials know that they are losing and therefore want to change the game. And the United States should help them. A suitable first step for Washington would be to eliminate restrictions on personal travel to, and non-strategic trade with, North Korea. There are no better ambassadors for the United States than private individuals engaged in academic, cultural, and economic exchange. It is not clear that the DPRK has a lot to offer economically, other than the "disciplined" work force described in a new brochure encouraging investment, but simply talking would be useful.

Second, Washington should build on the recent diplomatic meetings (sixteen so far) held in Beijing by encouraging additional discussions between American and North Korean diplomats. As part of this process, we should press for "cross-recognition" between the two Koreas and the major powers. Pyongyang has long resisted this step, but then it also long refused to consider dual entry to the UN. Indeed, we seem to be moving toward a de facto cross-recognition, with the USSR and perhaps Japan recognizing both Koreas. America and China could offer to complete the process by recognizing the North and South, respectively, a step Pyongyang might find difficult to resist, just as it has yielded to reality on UN membership.

Third, the United States needs to move arms control to the forefront in East Asia. Particularly important is the question of nuclear weapons. The DPRK appears to be developing an atomic capability and has yet to formally agree on international inspection of its facilities. The possibility of a nuclear-armed North disquiets all of its neighbors, which means the United States can cooperate with both China and the Soviet Union to discourage Pyongyang from acquiring atomic weapons.

Friendly persuasion, however, may not be enough. The USSR has lost much of its leverage on the North and Pyongyang has undoubtedly undertaken its nuclear research program at least in part because of the assumed presence of American tactical nuclear weapons in South Korea. These weapons are also a source of political discontent in the South, since the United States claims the right to decide whether to use them on Korean soil. America should withdraw the weapons and challenge the North to respond by opening up its facilities to international inspection. Of course, the DPRK might find some pretext to back away from its proposal for a nuclear-free peninsula, but the only way to find out is to put it to the test.

South Korean and American officials have so far resisted proposals to pull out the tactical nuclear weapons, and Secretary of State Baker has said that Washington will not link the two issues. But Pyongyang's fears

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about the nuclear imbalance are not wholly unreasonable, and the issue may soon become critical. Although by most estimates a North Korean nuclear weapon seems at least three to five years away, if Pyongyang moves ahead, it will leave the United States and the ROK with three equally unpalatable choices: a permanent Washington nuclear guarantee for Seoul and probably Tokyo; the creation of a South Korean and possibly a Japanese bomb; or a preemptive strike, something recently suggested by South Korean Defense Minister Lee Jong-ku. As none of these is attractive, North Korea's apparent receptivity to a peaceful solution should be probed.

The changing balance between the two Koreas also provides an opportunity for conventional arms reduction. Washington and South Korea should jointly develop a plan to phase out American forces. The South should then announce its willingness to see the U.S. troops leave and suggest that North Korea respond by pulling its troops back from their advanced positions along the DMZ, demobilizing some armored and infantry units, and entering into serious arms reduction talks. (Dr. Cha Young-koo of the South Korean Institute for Defense Analyses recently proposed a "Limited Deployment Zone" to reduce the number of troops adjacent to the border.) Given its economic crisis, the North may finally be serious about the radical disarmament plans that it has advanced for years. Successful negotiations would lead to an acceleration of the American withdrawal and forestall a major South Korean arms build-up; failure would slow the American pull-out and force the South to expand its military.

Some analysts want to maintain U.S. forces in the peninsula irrespective of the shifting balance between the two Koreas, in order to preserve an American presence in the region. Yet 43,000 soldiers in South Korea serve little value. War with the USSR is unlikely at best and the forces stationed in Korea threaten no vital Soviet interests, nor are the bases necessary for the Navy to operate in a war in Northeast Asia. In any serious and widespread conflict such an advanced outpost might be hard to maintain and might constitute a strategic embarrassment.

However, assistant secretary for East Asia and Pacific affairs, Richard Solomon, thinks the Soviet threat is irrelevant. He recently told Congress that "were the Soviet presence to disappear in the emerging security environment, our role as regional balancer and honest broker would, if anything, be more important than ever." But why?

CHINA, which spends less than South Korea on the military and which is engrossed with internal problems, is even less likely to be an aggressor. A few analysts view Japan and the United States as being on a long-term collision course and believe an American presence must be preserved to contain our supposed ally. (For instance, retired Army Chief of Staff General E.C. Meyer considers a reunited Germany and a potentially rearmed Japan to be the two largest threats after the demise of aggressive Soviet communism). Others have a more benign view of Japanese intentions but worry that an American pull-out might spur Japanese rearmament, thereby unsettling the region.

The threat of Japanese aggression seems faint. The Kaifu government's proposal to send 2,000 non-combatants to the Gulf collapsed amid widespread popular opposition and the government recently unveiled a five-year defense program that slows the growth of military outlays and cuts the number of ground troops by one-sixth. More fundamentally, it is difficult to imagine what might impel a nation that has acquired as much wealth and influence peacefully in recent years to go to war again. If such aggression is really a possibility, it is in America's interest to spur the Pacific and East Asian nations, including South Korea, to increase defense cooperation in order to deter any attack.

More reasonable is the charge that Japan's rearmament would disturb its neighbors. Relations between Tokyo and those neighbors remain tainted by World War II;

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one Chinese analyst complains that "the prospect of Japanese remilitarization is a nightmare to all Asian peoples, and particularly to us." But Tokyo is cognizant of the problem—in May Prime Minister Toshiki Kaifu toured several ASEAN countries and made perhaps the strongest apology yet for Japan's actions in World War II. He also reiterated past promises that Japan would not become a military power, describing its "appropriate role in the political sphere as a nation of peace," promoting conflict resolution.

This foray into the international arena was generally well received. Japanese ships also stopped at the Philippines on their way to mine-sweeping duties in the Gulf, Japan's first naval mission beyond its territorial waters in forty-six years, and ASEAN officials were unconcerned. As Tommy Koh, Singapore's former ambassador to Washington, saw it, "What Kaifu is trying to do is very gently take Japan over the threshold into playing a wider role." South Korea's decision to hold regular policy talks with the United States and Japan about East Asian policy suggests the possibility of expanded regional cooperation in the future.

Equally important, the end of the Cold War, supplemented by the recent drawdown of Soviet forces in the region—including the departure of all air and naval units from Cam Ranh Bay, the elimination of fifty older vessels in their Pacific fleet, the reduction of forces on the disputed Kurile islands, and the demobilization of some 200,000 service personnel—and by China's turn inward, means that Japan can remain secure even without launching a large military build-up in the wake of an American pull-back. The current defense relationship, where the United States essentially borrows money from Japan to defend Japan, is outdated. But the response to an American withdrawal need not be a significantly more powerful Japan, since the threats facing Japan are dissipating. Instead, Japan could modestly augment its forces, particularly with defensive weapons such as interceptors and frigates, and offer to aid countries, including the ROK, with grants and loans to allow them to enhance their defensive capabilities.

The Korean peninsula is still one of the world's enduring hot spots, but it need not remain so. To be sure, North Korea is not ready for democratic capitalism: earlier this year Kim Jong-il told the North Korean Communist Party Central Committee that "though the imperialists and reactionaries are now viciously trying to stifle socialism, our socialism continues advancing vigorously along its road without the slightest vacillation in the face of their despicable attack and slander." But reality has apparently begun to sink into Pyongyang. While the positive signs being emitted by North Korea are faint, they are positive nonetheless. The United States should therefore take advantage of this important opportunity to help reduce tensions on the Korean peninsula.

Doing so would obviously help both North and South. It would also promote peace and prosperity throughout East Asia and the Pacific. In this way, a region that is likely to grow even more important economically may finally be able to fully enjoy the end of the Cold War.□

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French Chefs

Boris Johnson

THE FINAL effacement of British national sovereignty will probably take place in December at the European Economic Community summit in Maastricht, the Netherlands. John Major, Britain's prime minister, will remove his famous Biro from his breast pocket and initial away the birthright of his people. The traditional doctrine of national sovereignty, passionately defended by Margaret Thatcher, will be dead.

To judge by the way the intergovernmental conferences are proceeding, the twelve members of the EC will sign a treaty this year to establish a monetary bloc before the end of the decade. The British government has accepted that Britain will benefit from some saving clause enabling a "future parliament" to take the final decision on the abolition of sterling. The British government's leverage stops there. Britain cannot prevent the others in the EC from going ahead outside the Treaty of Rome, by creating a separate Treaty of Monetary Union; when the time comes, one suspects, it will be difficult to stay aloof. How has Britain been so cornered? How is it that its ministers and their mandarins seem so, well, impotent?

The European Community, alas, is still ruled by France. French control has increased, is increasing, and shows no sign of being diminished. As the pressure tightens on their monetary jugular, Britons along with others in the EC and the world should realize that a Euro-bank controlling the supply of money in Europe, were it to happen, would be just the latest, if the most decisive, triumph of the French civil servants, in particular those who went to the elite Ecole Nationale d'Administration (ENA), the "*Enarques.*" To speak of conspiracy is not quite right. It is a chess-like genius for thinking ahead and dressing up French national interest as the European dream.

The French express their aims, quite explicitly, as a race against time. From the moment the first East Germans started to arrive in their Trabants, via Hungary, in the summer of 1989, Jacques Delors, EC Commission president, announced in his nasal voice that "history is accelerating." As the incredible events of that autumn unfolded, the phrase, and its corollary, became the unsnappy slogan of a panicky French government: "Puisque l'histoire s'accelere, il faut que nous nous accelerions nous-memes" ("Since history is accelerating, we too must accelerate").

We must speed up the "building of Europe" said Delors, and the acceleration has indeed been phenomenal. Since the Common Market was founded in 1957, the Treaty of Rome has only been revised three times in favor of a European union—by the Single European Act of 1986, by creating the EC's

Boris Johnson is the EC correspondent for the London *Daily Telegraph*.

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1992 free-trade zone, and by the 1991 twin conferences of monetary and political union—and all three amendments have been supervised by Jacques Delors. The word "superstate" has a cantish ring. But it is in reality a fair description of what is conjured up by the Luxembourg draft treaty, which is likely to be approved at Maastricht: a single monetary authority, a joint foreign policy, a powerful supranational parliament, and so forth.

German Threats: Phony and Real

WHAT WAS never quite clear was why the speeding up was so urgent. Delors and his henchmen, and the French government, and indeed most other European governments, continually adumbrated a non-specific threat from a united Germany. Unless this "mini-superpower" were bound into a dense European federation, they warned, it would "roll around like a loose cannon" in Central and Eastern Europe. The consequences of this were not spelled out, but they were presumably atavistic and awful. (It was of course possible—as the former British trade and industry secretary, Nicholas Ridley, showed—to take a diametrically opposite view: that an intensification of European union would merely entrench German domination of the EC. But then he was sacked for saying so.)

At a meeting of the twelve EC foreign ministers in the Hague last June, the great French foreign policy nightmare appeared to be instantiated. Here was German Foreign Minister Hans-Dietrich Genscher, a man who had offered up an epochal career to the cause of a "united Germany in a united Europe" scarifying all with his suggestion that the community should accord virtually instant diplomatic recognition to Slovenia. And here was Herr Schumacher, his soft-spoken, bearded spokesman, confusing reporters with his glib references to "Laibach." How French skin crawled when it turned out that "Laibach" was the old German word for the essentially Teutonic city of Ljubljana.

Roland Dumas, French foreign minister, even went so far as to inveigh against those who attempted to revive "zones of influence" in Europe. "We have had these in the past," he said, "and it was not the happiest thing." Austria was his prime target, but, perhaps deliberately, the allusion was left vague. For France fears, or at least claims to fear, a re-coagulation of the Teutonic tribes of Middle Europe, from eastern Belgium down the paths of the old Saxon migrations to Romania and the Ukraine.

It sounds eery, put like that, and it is meant to. For the French are deliberately appealing to a kind of loose, reflexive, saloon bar thinking—or its European equivalent. It should surely go without saying that a united Germany and increased German trading relationships with Eastern Europe have nothing to do with Prussianism, militarism, or revanchism. But somehow it does not go without saying. The debate about European union is continually infected by sloppy analogies with another age. Everyone in Paris merrily equivocates on the concept of "German dominance," as if *Deutschemarkpolitik* were merely the continuance of war by other means.

The immediate evidence, in fact, is that the German machine is being rapidly thrown out of kilter by its new commitments: 100 billion DMs per year for the eastern länder, 30 billion as *Danegeld* for Gorbachev, inflation, and the rest of it. And when and if Germany rights itself, what, precisely, is so terrifying about this behemoth? In the Gulf War it behaved like a lobotomized giant. As for Austria, its enclitic neighbor, it is so attached to neutrality that it is even prepared to risk failure in its attempt to become a member of the Community. No, French politicians use the memories of the 1930s and the 1940s as a mere turnip-ghost. Germany is a threat to France only in the sense that it may sooner or later lose patience with the French system of running the Common Market.

When the federalists speak of the need to "lock" or "bind" Germany in, what they mean is "keep Germany locked in" to a bureaucratic apparatus of their own devising.

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From the French point of view, there are many advantages to the EC, and even more to the EC of the near future. German money pays for French agricultural surpluses. Important industrial and economic decisions, which in a free market would be taken in Bonn or Frankfurt, are taken in Brussels. And France, through EC institutions, can gratify its need for self-assertion on the world stage, and perhaps even cock a snook at the Americans.

French Connections

TO EXPLOIT all this to the fullest, of course, France must have a pretty good institutional grip on Brussels. This it has.

Far from being a committed cell of homogenized Euro-maniacs, the EC commission is deeply riven on national lines.[1] For instance, Sir Leon Brittan, the commissioner responsible in the central field of competition policy and anti-trust law, has a "cabinet," or team, of six political advisers in continuous social and professional intercourse with the twenty-five emollient characters of "UKrep," the permanent British government representatives to the EC in Brussels led by Sir John Kerr.

But take that gentlemanly little liaison, square it, cube it, and you have something approaching the swollen, throbbing umbilicus between Brussels and Paris. It was widely remarked that French Prime Minister Edith Cresson's new government contains Martine Aubry, daughter of Delors; few, however, noted that Pascal Lamy, Delors' *chef de cabinet* (or chief political fixer) at the EC, was asked by Cresson to perform the same service in the French government, or that an identical offer was later made to Francois Lamoureux, Delors' deputy *chef de cabinet*.

It is called the "Pink Tide." They are all somewhere in their early forties; they are French; many of them went to the Ecole Nationale d'Administration; they are members of the Socialist Party; they see France's destiny in self-assertion through the European Community. They include the minister for European Affairs, Elizabeth Guigou with her Cannes starlet looks, and Hubert Vedrine, Mitterrand's supercilious spokesman. But the most important in Brussels is Lamy. With his virtually shaven head and parade ground manner, Lamy runs the upper echelons of the commission like a Saharan camp of the French foreign legion. "I like Pascal," says another chef de cabinet in a quavery sort of voice. "His mind works like a beautiful machine. There are so many idiots running about this place that you have to be rude sometimes."

When Delors and Lamy arrived at the commission in January 1986, it was already a profoundly French organization. It is not just that the everyday language is French: the structure, the "cabinet" system, even the budgetary procedures are French. At the daily noon briefing, when cyclostyled pap is distributed to the obedient hacks, etiquette still demands that Danish journalists use French to talk to Dutch spokesmen.

After eight years in power, Delors and Lamy now have a dense network of *gauleiters* at the pressure points of the commission: Legras at agriculture, Pons in the monetary division, Dewost in the legal department. But these are just the most obvious fluttering tricolors. The real pervasiveness of French influence, involving even the most junior

[1]The commission is the EC's executive arm of civil servants, permanently based in Brussels. Jacques Delors is president of the supreme panel of seventeen commissioners (France, Germany, Britain, Italy, and Spain each have two). The commissioners have their own specific policy fields and they propose legislation at the regular meetings of the Council of Ministers, where the ministers vary according to which subject is being discussed. The European Parliament has, thus far, a mainly advisory role. Separately, each EC member maintains its own permanent team of diplomats and civil servants in Brussels to lobby the commission and take part in detailed negotiations. Britain's is called "UKrep."

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officials reporting straight back to the Quai d'Orsay, became apparent at a party thrown by Lamy to celebrate his award of the Legion d'Honneur. "I suddenly realized how it all worked," remembers one British official. "There they all were."

This is no British counter-network. The *locus classicus* of British limpwristedness is a former treasury official who came to hold a position of potentially sweeping influence in the personnel department. At the farewell ceremony for another British Eurocrat, he produced a gold watch and made a farewell speech—in French. "British officials have been trained to think they should be politically impartial," says one official. With their shy grins and corrugated-soled shoes, they are no match for the intellectual brutality of Lamy and his people.

Nor do the Germans have a taste for this kind of intellectual guerrilla warfare—though the senior German staff of the commission undoubtedly is in close touch with Bonn. The understanding, almost forty years after the war, is that it would be bad form for Germany to throw its weight around. By now it would, in any event, be difficult.

Sir Leon Brittan is reputed to be the only one who can go the distance with Delors, dialectically, when the seventeen commissioners meet on Wednesdays. But his success in curbing the nationalist, protectionist impulses of the president of the commission is modest. Sir Leon's department wanted Renault to pay back £1.2 billion in illegal state subsidies to the French state. Delors demurred. Finally the commission settled on £600 million, most of which the French government appeared to pump straight back in about two weeks later.

Then Sir Leon hailed a great triumph for competition in the skies as Air France, the state-owned carrier, gobbled up its only two domestic rivals, Air Inter and UTA. Sir Leon had extracted a promise from Air France that it would expose itself to competition from domestic rivals, glossing over the detail that those rivals were now nonexistent. Others thought it was difficult to see the value of a

Vive l'Europe

In arriving this autumn at a stance on enlargement, Mr. Delors says he intends to re-read "the history of *Mitteleuropa* back to the start of this century." In preparing his 1989 Bruges speech—a response to Mrs. Margaret Thatcher's paean to the nation state a year earlier—he claims to have trekked through 10,000 pages of European history, from the fourth to the 19th century. The defining model of modern Europe, for Mr. Delors, is that created by Keynes and Beveridge, giving an influential economic and social role to government. In this, one can see the intellectual seeds that sprouted into the Social Charter.

But it is industrial, rather than social, policy that agitates him these days. "Whatever some may say, I say long live Eurochampions!" he retorts to those who disparage attempts by Brussels to nurture world-beating industries. "One simply cannot have 90 per cent of European companies owned by Americans, Japanese and Swedes." He says he is not advocating pouring cash into companies, but an industrial policy that relies on "promotional standards," like that promulgated by Brussels for high definition television, on training and on R & D that encourages more co-operation by companies downstream, nearer the market-place. . . .

As it happens—Mr. Delors insists he has never taken instructions from Paris—these views on industrial policy coincide with mainstream opinion in France.

David Buchan,
"The EC's very own visionary,"
The *Financial Times*, August 5, 1991.

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competition policy if it merely eliminated competitors.

The French see the battle for the soul of the commission as crucial. Brussels holds the key to the future of their great tottering industrial regimes—Renault, Air France, Thomson and others—which have been nationalized since the end of the last war. Edith Cresson and Jacques Delors maintain that Brussels must have an industrial strategy to fight off the Japanese. In reality, this means protecting French producers not just from non-EC competitors but from competition within Europe itself; even Sir Leon's mandate, after all, is to prevent firms from establishing a "dominant position" within the Single Market.

So it was that last May, Delors and a handful of advisers repaired to one of the most expensive restaurants in Burgundy to confer with the leaders of Thomson (France), Bull (France), Siemens (Germany), Philips (Holland), and Olivetti (Italy). The topic, it emerged afterward, was the "industrial strategy" for the electronics sector; in other words how to carve up the European market and fend off the Yellow Peril. So it is that the commission is proposing a new "European" broadcasting standard for High Definition Television, purely as a defense against the Japanese and to protect Thomson and Philips and which will set the true preferences of consumers at naught. It is a dirigiste, protectionist approach flowing directly from Monnet's original "Commissariat du Plan," which nannied French industry after the war.

Nothing can be done to the £22 billion agricultural system without French approval. It may be imperilling the success of the Uruguay Round and causing major transatlantic difficulties, but the Common Agricultural Policy was part of the original Franco-German deal of the Common Market, and is therefore sacrosanct. The French run it, down to the tiniest detail. (Why should it be that even EC legislation on cider presses is based wholly on practice in Brittany, as if no cider-making took place in Devon and Somerset?)

Similarly, in the commission's overseas development division, one official freely concedes: "This department has never *not* been masterminded by France. My basic function is to provide outdoor relief for French African ex-colonies." What makes the British Eurocrat sometimes bitter is that he is marooned by Whitehall, his career forgotten, on the assumption that he has gone native. But his French colleagues are no loony "federasts." They are out and out nationalists.

Cherchez le franc

NOW, AS the endgame of the argument on monetary union nears, is it really right to see it as nothing but the logical extension of the 1992 Single Market? Would it be too cynical to look for a French plot in this too?

This, at least, is how it appears to have happened. The idea of a central Eurobank mysteriously resurfaced, after a long spell on the shelf, in a speech in January 1988 by the Gaullist finance minister, Edouard Balladur. He had a list of grievances against the way the European Monetary System was loaded against the potentially weak, inflationary currencies, such as the franc and lira, and in favor of the strong currencies, namely the deutschemark. One of Balladur's aides says: "We thought it essential that the government should have some tools to define its own economic policy."

As the French explain it, ever since the birth of the EMS in 1979, they had been laboring under the tyranny of the *Bundesbank*. Whenever they wanted to go for growth, the gnomes of Frankfurt said "nein." It was bad enough to be in hock to the low-inflation, low-growth policies of that worldly, suntanned, former soccer writer, Dr. Pohl. More galling still was the importance assumed by the provincial bankers on the *Bundesbank* council, the maddening little Poloniuses from Hamburg, Bavaria, and North-Rhine Westphalia. These men controlled German, and therefore French, interest rates.

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What Balladur was proposing in the "European Central Bank" was effectively a French seat on the *Bundesbank*. After ten years of knuckling under, France wanted to mount a rescue operation for its monetary sovereignty. Not all Germans were delighted. But Herr Genscher was unquestionably forewarned of the Balladur speech and chimed in with a five-page memorandum of support.

Genscher has the reputation of being a "Euro-nut," determined to enmesh his country so deeply in the EC that it can never again appear adversarial toward Paris. Chancellor Kohl (whose private office includes one of Lamy's contemporaries at ENA) went along with it, almost as if out of habit. Not so the finance ministry under Gerhard Stoltenberg, which noted the suggestion, through gritted teeth, only after several weeks.

Balladur had made his move at a highly significant point: Delors had just been reconfirmed in his second four-year term as commission president. No sooner had Balladur spoken than it turned out Delors had a plan for a committee of "wise men" to examine the whole problem of a single bank and currency. Was it all a French conspiracy?

My own working hypothesis is that in January 1985 Delors had been deliberately planted in Brussels, with the acquiescence of Kohl, to avenge the humiliations of the franc. One has to remember that the finance minister at the time of the most painful franc-deutschemark realignments, in 1981, 1982 and 1983, was Jacques Delors (and his *chef de cabinet*, incidentally, was Pascal Lamy). Almost as soon as Delors left the French government in 1984, Mitterrand began negotiations with Kohl over placing him in the commission on the retirement of his predecessor as president, the ineffectual Luxembourger, Gaston Thorn. It is certainly plausible that even at that stage Mitterrand and Delors recognized that some form of "European union" would give them a lever over German monetary policy, and so end the economic servitude they had experienced.

From Balladur's speech onward, the plot takes on a Sophoclean inevitability. The June 1988 Hannover summit did indeed mandate the Delors committee of wise men to produce a report on moves to monetary union. It was unveiled in April 1989, adopted by all except Mrs. Thatcher at the Madrid summit in June. Mrs. Thatcher was overruled again in Strasbourg in December 1989, when the intergovernmental conference was called.

That conference is proceeding now. It seems clear that the twelve will agree to set up some kind of monetary institution, possibly leading to a single currency. The Germans, in the end, will consent. The *Enarques* will have triumphed. Instead of a looser, wider Europe dominated by Germany's natural economic weight, France's institutional manipulation of the EC will be prolonged, if not perpetuated. Delors will be able to campaign for the 1995 French presidential election as the man who united Europe and recovered French monetary sovereignty. And the British will have lost theirs.□

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This is the first article in an occasional series that will look again at books that made a major impact in their time.

E.H. Carr: The Realist's Realist

J.D.B. Miller

E.H. Carr, *The Twenty Years' Crisis, 1919 to 1939: An Introduction to the Study of International Relations* (current printing, New York: Harper & Row, 1981 [original printing, London: Macmillan and Company Limited, and New York: St. Martin's Press, 1939]). 240 pp., $7.95.

E.H. CARR'S *The Twenty Years' Crisis, 1919 to 1939* is not, as the title suggests, a history of international affairs between the two world wars. It is more accurately described by the subtitle, *An Introduction to the Study of International Relations.* Carr wanted to explain how sovereign states behaved toward one another (especially in Europe, since the world in 1939, when the book appeared, was highly Eurocentric) and to encourage thinking that would be realistic and not utopian. It is this dichotomy between realism and utopianism that has given the book its reputation and Carr his place among theorists of international relations.

I

CARR begins by saying that "the science of international politics is in its infancy," having, in his view, only been taken seriously since 1914. Before that there was no organized study of international affairs in universities or anywhere else. The fact that such study began after World War I provided Carr with a continuing basis for his treatment of opinions and attitudes with which he disagrees. To put the matter briefly, he believed that nearly all the people who had been writing about the international system were so absorbed in finding ways of preventing another war that they created utopian constructs that failed to resemble the real world in various vital particulars. Men such as Arnold Toynbee, Norman Angell, and Alfred Zimmern were his prime targets. To him, they were so obsessed by the need to employ the League of Nations as an instrument of collective security, and later to forge some grand alliance to resist Mussolini and Hitler, that they neglected the true nature of international anarchy and of what could and could not be done within it.

Carr's book is not a sustained attack on the Toynbees and Zimmerns; they are used as examples of a general state of mind that Carr saw as characteristic of those who drew up the Covenant of the League of Nations, among whom President Wilson took pride of place as someone whose kind of thinking needed to be avoided. The book's argument runs somewhat as follows.

There are two methods of approach to politics, "the inclination to ignore what was and what is in contemplation of what would be, and the inclination to deduce what should be from what was and what is." In Carr's view, students and theorists of international politics tend to ignore what is and to put forward utopian schemes for what should be, whereas officials who have to live with the realities of diplomacy tend to be much more realistic. They recognize the limits of the situation, while the utopians are impatient with the idea of limits and take refuge in plans "in which wishing prevails over thinking, generalization over observa-

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tion, and in which little attempt is made at a critical analysis of existing facts or available means."

Carr thought that this utopian frame of mind was typical of an early stage in the development of the study of international politics, as of other studies. In effect, the time had now come when "realism [would be] the necessary corrective to the exuberance of utopianism, just as in other periods utopianism must be invoked to counteract the barrenness of realism" (i.e., the realist's tendency to believe that whatever is, is right). His own attitude was very much that of the realist, but he emphasized at various points in his book that realism was not enough. Here is an extract from his chapter "The Limitations of Realism":

> We return therefore to the conclusion that any sound political thought must be based on elements of both utopia and reality. Where utopianism has become a hollow and intolerable sham, which serves merely as a guise for the interests of the privileged, the realist performs an indispensable service in unmasking it. But pure realism can offer nothing but a naked struggle for power which makes any kind of international society impossible. Having demolished the current utopia with the weapons of realism, we still need to build a new utopia of our own, which will one day fall to the same weapons.

This switchback approach to thinking and planning sounds exhausting and perhaps impractical. But Carr himself showed that he was not a "pure realist" by publishing in 1942 a book entitled *Conditions of Peace* in which he laid out a scheme for a postwar Europe. It was tentative and hedged about with qualifications, but something of a utopia nevertheless. It was a very realistic one, as it foreshadowed a number of things that have happened in Europe since the end of World War II.

Carr's dichotomy between utopianism and realism is mirrored, as *The Twenty Years' Crisis* proceeds, by other dichotomies between theory and practice, between morality and power, between "the sense of right" and "the strong arm of authority" in inducing obedience to the law, and between law and politics. All of these are seen in relation to policy-making in international politics. In each case Carr begins by separating the two concepts. He then brings them together as he has done with his original two: just as policy requires a blend of utopianism and realism, so it requires both theory and practice to reinforce one another, morality and power to be recognized as not necessarily antagonistic, and law to be seen as the outcome of politics. Basically, however, everything must be seen against the background of politics: in the international arena, as in the domestic sphere, power will ultimately prevail—provided the powerful wish it to do so. Carr puts considerable weight on the element of purpose in deciding outcomes. Purpose alone will not move mountains (this is a utopian fantasy), but power may be affected by purpose, provided the purpose is apposite and realistic.

ALONG THE way Carr deals some hard blows to what he regards as dangerous utopian fallacies. One of these is the belief, common among creators and supporters of the League of Nations, that public opinion would provide backing for international action against aggressors; another was the belief that states had a common interest in peace; a third that there was a basic harmony of interests between states; a fourth, transferring the third to the economic sphere and closely allied with it, the almost universal view of Anglo-Saxon economists that free trade benefitted everyone; and a fifth that what seemed right to satisfied powers such as the victors of World War I would also seem right to those powers that had been defeated or disappointed. He also took umbrage at a distinction being made at the time between states that pursued economic advantage and those that sought political power—every state, in his view, pursued both.

Carr was arguing against attitudes and opinions current in Britain as a result of victory in World War I, and affected by the

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entente with France: that the postwar settlement, in spite of certain defects had been good for the peace of Europe; that regimes such as those of Germany and Italy in the 1930s, which challenged the Versailles settlement, were to be disregarded, especially if they seemed to disturb the notional balance which that settlement had implied. To what extent these views were wholly or even partially held by the people he attacked—Lord Cecil, Anthony Eden, Gilbert Murray, et al.—was not the point. He saw these views appearing in a variety of quarters—political, official, academic—and he lashed out accordingly.

Behind this confrontationist approach lay a conviction that the international system rested on power, and that only a realistic appreciation of relative power and the readiness of national leaders to use it could provide a sound basis for policy. In particular, this meant understanding the importance and the uses made of economic power, and the significance of war as a source of international change. "If every prospective writer on international affairs in the last twenty years had taken a compulsory course in elementary strategy, reams of nonsense would have remained unwritten," he wrote. His main complaint against his adversaries was that they had neglected the factor of power, and particularly of military power.

II

THE IMPACT of *The Twenty Years' Crisis* in 1939 was considerable, though the effect was delayed somewhat by the fact that war had recently broken out. In the first place it was recognized as a substantial intellectual achievement: nothing on this scale of realist analysis had previously appeared in Britain, and a comparable effort would have been hard to discover in the United States. The nearest approach was Reinhold Niebuhr's *Moral Man and Immoral Society,* to which Carr acknowledged a debt. Second, it annoyed those "utopians" whom Carr had stigmatized and who were still alive. Third, it ran into trouble because of brief statements commending Neville Chamberlain's policy of appeasement as realistic. This third element in its impact has haunted the book ever since, in spite of Carr's having removed the offending passage in the second edition, published in 1946.

Today, it does not seem to matter much that Carr thought the policy of buying Hitler off would succeed. Certainly, he was too much inclined to regard Hitler as a normal human being (there are numerous quotations from *Mein Kampf* in the book, most of them involving approval or at least respect on Carr's part), and he overemphasized Chamberlain's capacity to manage international affairs. But all this needs to be seen not in the light of hindsight or Churchill's memoirs but in terms of the very great support that Chamberlain had in Britain in 1938 and the early part of 1939, and of the abhorrence of war that had been so much a feature of British (and French and American) opinion in the 1930s. It was unfortunate for Carr that he guessed wrong about how Hitler would move after he had been appeased; and it was reasonable for the Toynbees and Angells to rejoice that they had guessed right about Hitler and that within two years the kind of grand alliance they had been advocating—of Britain, France, the United States, and the Soviet Union—was ranged against Hitler and Mussolini. But the mistake about Hitler does not in itself invalidate Carr's general analysis of international politics.

Carr's wrong guess raises the question of just what constitutes "realism" in any consideration of international affairs. Clearly, it is a matter of giving full weight to what is and what has been in order to formulate a policy about what should be. But there is also the matter of time. Carr, with his vision of the bureaucrat as having a better sense of reality than the intellectual (he uses both terms), was inclined to favor the immediate and allegedly practical solution to a problem rather than the attempt to achieve a long-term one. He reminds me of the remark of one of my friends, an Australian diplomat of much experience: "It's all very well

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for the academics—they have months to work out the answers; we have only till 4:30 to tell the Minister whether to send in a battalion." Carr's wish to avoid war, and his conviction (strongly expressed during the time of the Italo-Abyssinian war, earlier in the 1930s) that attempts at economic and military sanctions would lead to disastrous war, led him to think that immediate rather than fundamental solutions to the German problem needed to be pursued. These, he presumably hoped, would provide time and opportunity for later structural changes which would pacify Germany. He guessed wrong, but everyone who recommends on policy has to guess.

Apart from this dispute about appeasement, the impact of *The Twenty Years' Crisis* was long term rather than immediate. To have a book in page proof on September 3, 1939, when Britain declared war on Germany, was not to expect much public concentration on its argument. Carr dated his Preface as September 30, 1939. Recognition of the book as a new departure in the study of international relations increased during the war and seemed to accelerate once the war was over. When I read it in 1946 or 1947 it seemed a revelation that had nothing to do with Hitler and Chamberlain. The revelation lay in the book's abrupt dismissal of politicians' cant about foreign policy, in its demonstration of the plurality of national interests, in its description of the forms that power might take and the uses to which they might be put, and in its almost brutal indication of how power might triumph in spite of the efforts of moralistic men and women. I was less impressed by Carr's wish to see realism and utopianism reconciled than by his effective denunciation of the utopians—it was a time when utopian expectations about the United Nations and the permanence of the alliance between the Soviet Union and the Western powers were in vogue, and a corrective was badly needed. It was tempting to become a realist and to debunk much of the current orthodoxy about foreign policy and international organization. Much later, I saw that Carr's approach to policy involved too short term a perspective and that Norman Angell's had more to be said for it than Carr had allowed. But at the time, Carr's critique seemed to me to open a vista of understanding that no one else had made clear.

III

EDWARD Hallett Carr was born in 1892. He went to Merchant Taylors' School in London and then on to Trinity College, Cambridge. He entered the Foreign Office in 1916 and served in Paris and Riga (at a time when it was the listening-post for events in the Soviet Union). As assistant adviser on League of Nations Affairs he gained much knowledge of how the League operated. During World War II he left official employment to become Wilson Professor of International Politics at the University College of Wales, combining this with being assistant editor of *The Times*. In the postwar years he worked steadily on a *History of the Soviet Union* and held academic posts in Oxford and Cambridge. He died in 1982.

Carr's other works display a continuing interest in Russia (books on Herzen and Bakunin, the *History* just mentioned which takes four volumes to cover the first twelve years of the Communist regime, and a book of reprinted lectures of 1946, *The Soviet Impact on the Western World*), in historical change (*What is History?* and *The New Society*), and in the course of international relations (*Conditions of Peace*, *Nationalism and After*, and *International Relations Since the Peace Treaties*). All are written with clarity and verve. They have, in varying degrees, certain features in common with *The Twenty Years' Crisis*.

The most obvious of these is an interest in power, so obvious that many of Carr's critics accused him of mistaking power for destiny, and of making power the test of political success. Carr's approach to Hitler and Stalin was assumed to be much the same in each case: because both had taken control of their countries and transformed them, Carr found them worthy of attention. This laid him open to the attacks of those for whom either or both of the dictators was abhorrent. Carr found

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power fascinating. Dividing it into military and economic aspects, together with power over opinion, and noting how effective Nazi Germany and Communist Russia seemed to have been in harnessing each of these three, he tended to be critical of the western democracies for their comparative inactivity.

This was particularly so in the sphere of economic power. Carr was hostile toward the free trade orthodoxy that still passed for economic thinking in the Britain of the 1930s. He was convinced that economic planning of one kind or another would become the norm after World War II, and he reacted violently against any attempt to separate politics from economics in analysis, since he believed that only dominant economies (such as Britain's in the nineteenth century) could afford to do so, and then only for a while. Attempts to regard politics and economics as separate went hand-in-hand with the notion of laissez faire, which Carr found unrealistic since he did not believe that laissez faire was ever practiced in anything like its pure form. The upshot of these beliefs was that Carr saw a future in which political management of economics was inevitable.

THIS IS the main theme of *The New Society*, a set of talks on the BBC Third Programme in 1951. It is also the basis for Carr's treatment of Stalin's attempt at forced industrialization; and it was this, more than anything else, that brought enmity down upon him, and still does. Carr seemed to admire the active policies of both Hitler and Stalin; he was attacked for this; and, being a polemical man, he tended to put further emphasis on the point. He could not see either domestic or international politics as divorced from power. He saw the military form of power as the most important, but recognized that it had to rest on economic power, which he regarded as directly subject to political control. The official utterances of his own society rejected this formulation in the 1930s. His reaction was to press it forcefully, and to respect—in a reserved but prominent manner—the regimes that acknowledged it.

There is a degree of economic determinism in Carr's thinking, which reinforces his emphasis on political control of economies. "Experience shows," he wrote in *The New Society*, "that the structure of society at any given time or place, as well as the prevailing theories and beliefs about it, are largely governed by the way in which the material needs of the society are met." This basically Marxist attitude is combined in his writings with the view that at any given time the rich and powerful (i.e., those in charge of the means of production) will decide how the societies are governed and which values will predominate. In *The Twenty Years' Crisis* such a view is stated as fundamental. Carr transfers it from the domestic scene to the international, specifically to the leading roles of Britain and France in Europe in the 1920s.

He saw the interwar period as one in which the "status quo" powers had dictated the peace settlement and were determined to maintain it in the face of resentment and opposition from Germany, Italy, and Japan—the victor powers had had it their own way in the 1920s, but in the 1930s had to meet growing opposition from the others. Carr improved on Marx, in a sense, by asserting that

> the conflict between privileged and underprivileged, between the champions of an existing order and the revolutionaries, which was fought out in the 19th century within the national communities of Western Europe, was transferred by the 20th century to the international community. The nation became, more than ever before, the supreme unit round which centre human demands for equality and human ambitions for predominance.

Mussolini had called Italy a proletarian nation and Carr allotted this once-Marxist notion to the other "have-not states," or "anti-status quo states," of the 1930s.

At the same time as he declared this renewed status of the nation-state to be significant, Carr saw a decline in that status at least as far as minor states were concerned. In *The Twenty Years' Crisis* as originally written, he saw "a trend towards the concentration of political and economic power in the hands of six or

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seven highly organised units, round which lesser satellites [revolve] without any appreciable independent motion of their own." In his Preface to the second edition he reiterated the point: "The small independent nation-state is obsolete or obsolescent, and no workable international organization can be built on a multiplicity of nation-states"—a line he had previously taken in a small book entitled *Nationalism and After*. It can be argued that this was another manifestation of his preoccupation with power in the short term: he did not anticipate the massive increase in the number of sovereign states after World War II (having rather naively assumed that colonies were a source of wealth to colonial powers, and would presumably be held onto), or the convoluted politics which would result at the United Nations and elsewhere.

The Twenty Years' Crisis was Carr's most successful book, because it was the most original. The others are interesting, readable, and often acute, but they add little to what he had said in his major work. There is a good deal of repetition.

IV

HOW DOES the book stand up now? I am inclined to think that there can be more than one answer to the question. If one were to submit it to some of the eager young practitioners of the International Relations discipline, it would probably be answered in terms such as these: it is a terribly old-fashioned work, with hardly a statistic in it and no mathematics, with lots of references to Greece and Rome and the Middle Ages, with polemics directed against people whom nobody remembers, with an almost totally Eurocentric viewpoint, with no foreshadowing of the Cold War, with labored rhetoric about what does and does not constitute morality between states, and with a whole lot of stuff about the League of Nations which nobody wants to read. It is discursive and not at all rigorous in its approach to theory.

An older scholar might recognize some of these grievous faults but add that one ought to see the book against its background, and especially against the disregard of power and the tendency toward ideal solutions of the so-called utopians. (He might add that Carr named the British utopians but forbore to name the American ones, though he hinted at them.) He might also say that Carr shared with the utopians a powerful desire to avoid a second world war, which caused him to be at odds with those of them, like Norman Angell, who were pressing for some form of the collective security which in the last resort meant going to war. Carr's approach had a good deal of validity at the time, though he went wrong in thinking that Hitler could be treated like any other national leader. He might add that Carr's preference for diplomacy over war differed markedly from those opinions common among many writers of recent times, to whom the Cold War, the presence of nuclear weapons, and the Vietnam War have all been acceptable aspects of policy. Carr knew that war meant change and that sometimes it was the only means of achieving change. But he also knew that the change was rarely of the sort that had been intended and that no one could foresee how much damage would be caused. While fully conscious of the importance of military power, he did not want it used until all possible negotiations had occurred and all possible concessions been made; he would not have believed in pre-emptive strikes. He would have been in favor of arms control negotiations, provided they were carried on realistically, but he would not have been surprised if they had been the object of propaganda. The older commentator would conclude by repeating that Carr should be seen against the circumstances of his time.

Even so, it seems to me, there is much to be said for him in terms of any time. It is still necessary to remind people that the harmony of interests is a fiction, except in highly unusual situations, just as it is necessary to recognize that a common interest in peace is rare. International action of any consequence is still more likely to reflect the interests of dominant powers than any consensus of

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states at large. There are still "status quo" and "non-status quo" states. There is no such thing as "international opinion" and very little of an "international society." The Anglo-Saxons, so-called, are still likely to think that the rest of the world agrees with them when they indulge in a fit of morality.

All these attitudes, roundly condemned by Carr, continue to be put forward by politicians as they were in the different circumstances of the 1930s. Rhetoric about international affairs does not change much; it still reflects dominant interests on a national basis. The utopian propositions of academics do not change much either; plans for a world state or for elaborate regional federations or for a revived United Nations or for a universal *Pax Americana* have much in common with the constructs that Carr condemned as unrealistic. He expected rivalry between major states to continue, and he was not wrong.

I am not troubled by what most concerned Hedley Bull when he came to reassess the book thirty years after its first publication. Bull thought that Carr had not explored "the moral aspects of the problem." He rebelled against Carr's largely amoral approach to the conflict between the haves and have-nots, and what he called "the crypto-Marxist fashion" in which Carr made the whole structure of international law and international morality turn upon the interests of the dominant powers. Bull, always anxious to find the lineaments of an "international society" in the workings of the international system, believed that there was some sharing of interests between greater and lesser powers because both groups wanted *some* sort of international society; there was not much room for this in Carr's vaguely Marxist analysis.

Bull himself had trouble identifying his international society. He did not get much further than Carr's own statement in *The Twenty Years' Crisis* that "an international order cannot be based on power alone, for the simple reason that mankind will in the long run always revolt against naked power. Any internationl order presupposes a measure of general consent." The difference between the two men is largely one of degree: both recognized elements of morality and power in the international system, but Bull wanted to emphasize the possibilities of an enhanced society, while Carr could not take his eyes off power. It may true, as Hans Morgenthau wrote, that Carr "surrendered to the immanence of power," even though Carr brought in the sense of morality and recommended an alternation of utopianism and realism. I do not think it matters much. As Bull admitted, "the main body of Carr's analysis of what international politics is like is correct."

In spite of its faults, the book is still a remarkable statement about what may well be an intractable subject. Carr's realism—tempered, where possible, by the prudent utopianism that he saw as a necessary corrective—is needed as we confront the ostensibly different world of today, which is so often similar to the one about which he wrote.□

J.D.B. Miller recently retired as executive director of the Academy of the Social Sciences in Australia, having previously been professor of International Relations at the Australian National University.

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Heirs Apparent

Robert D. Novak

Bob Woodward, *The Commanders* (New York: Simon & Schuster, 1991). 398 pp., $24.95.

SINCE HIS book-writing debut with *All The President's Men* seventeen years ago, Bob Woodward's technique has become increasingly novelistic. This newest peep behind Washington scenes, at the way the Pentagon led the nation to war in Panama and the Persian Gulf, is especially smooth and seamless.

It reads a little like a Tom Clancy novel, the reader pulled irresistibly from one page to another in accelerating haste to find what happens next. The visit to Saudi Arabia by Defense Secretary Cheney, General Colin Powell, and General Norman Schwarzkopf, during which they obtain the consent by King Fahd to send troops, is presented with such skill that, even though the reader knows the outcome, a strong element of suspense is retained.

Going through *The Commanders* the first time is highly pleasurable, easy reading, which explains why it reached the top of the bestseller list and stayed there. To re-read it for purposes of a review, however, underlines how much Woodward has sacrificed to achieve his novelistic effect.

There are no source notes, little direct attribution, and indeed no way to measure reliability. Woodward's technique admits of no knowledge gaps, which a historian looking at this subject a generation from now would surely confess and a journalist toiling during the war under deadline pressure takes as a matter of course. Rather, Woodward affects the posture of the old-fashioned omniscient novelist, able to read the minds of all his characters, as in the first paragraph of the prologue when Admiral William L. Crowe is depicted hurrying down the Pentagon's E-Ring. "It was a building dedicated to appearing busy, he thought"—a formulation that becomes all too familiar over nearly 400 pages.

Woodward resembles a more modern novelist in not attempting to analyze his quote-filled narrative. While this *Washington Post* editor and reporter is reviled by the Republican Right as the ideological enemy, he in fact abjures even the most minimal analytical explanation that his material often demands. Thus, the reader is presented a narrative whose validity he must accept on faith and is then told to make of it what he can.

No Woodward book is published without complaints of gross inaccuracies. Although cries of White House aides that *The Commanders* is another pack of lies can be dismissed, more serious complaints come from officials who privately admit they were interviewed for the book. They say they were surprised by Woodward's casual note-taking, without a tape recorder, which they claim resulted in slightly flawed accounts.

Woodward's desire for a smooth narrative produces shorthand asides that can cause misunderstandings. Early in the book, Admiral Crowe, Powell's predecessor as chairman of the Joint Chiefs, is described as setting up a "secret, private communications channel" with his Soviet counterpart, Marshal Sergei

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Akhromeyev. Antennae all over Washington twanged with the implication of an improper, illegal back channel instituted by Crowe. But it turned out that Woodward simply had overstated what was just a normal communications link.

Nevertheless, nobody in a position to know claims serious outright errors in this book (just as Woodward's past endeavors were free from such indictments). While *The Commanders* is novelistic, it certainly is not fiction. While unsourced and unanalyzed, it must be taken seriously enough to attempt to extract from it new information on how the U.S. decided to wage war on Iraq and on the broader question of how the Pentagon really functions. The collateral and most intriguing yield from the book is its impact on the future of its most important figures, General Powell and Secretary Cheney.

WOODWARD'S revelation, headlined on front pages across the country, that Powell was not anxious to move from sanctions to war in the Gulf was really no great surprise. But the general's views had not been widely reported, and the extent of dissent was not fully appreciated.

As recorded by Woodward, the uniformed military was in thrall to the Vietnam Syndrome, cautious about using the nation's fearsome war-making apparatus. General Thomas Kelly, who was to become a household name and face as the super-confident war briefer, is described as telling the Pentagon's civilian press spokesman, Pete Williams, before the fighting started: "We hope you political types aren't dreaming." He predicted that tank warfare with the Iraqis would be a "big nasty thing," concluding: "We can't have a land war."

Powell reflects much the same mindset, as an Army man supremely suspicious of air capability to soften up Saddam Hussein's troops. He comes out better able to envision the carnage of war than the desk-bound national security adviser in the White House, retired Air Force General Brent Scowcroft. Powell, unlike Scowcroft, sees war as "less a disembodied abstraction than real men and women, faces—many of them kids' faces—that [he] looked into on his visits to troops." Even on January 16, 1991, as H-Hour approached, the chairman was "worrying about the Marines. They would have the hard job, driving into the front-line fortifications. God, Powell thought, we could lose a lot of Marines."

Early on, he is shown suggesting that a line be drawn around Saudi Arabia, only to be reminded by, of all people, a professional diplomat—UN Ambassador Thomas Pickering—that this solution would seal the captivity of Kuwait. Woodward's narrative settles down to Cheney demanding military options from the Joint Chiefs, and Powell pushing a "containment" policy of sanctions instead of bombs and bullets.

Powell is described as having been taken by surprise when the president set a "new goal" early in the crisis of not merely defending Saudi Arabia but also liberating Kuwait. Woodward writes that "Powell, the number-one military man, had been given no opportunity to offer his assessment. This angry statement was much more than Powell had expected from Bush. Powell marveled at the distance Bush had traveled in three days. To Powell, it was almost as if the President had six-shooters in both hands and he was blazing away."

While Cheney was pressing for options, Powell was brooding, "alarmed about all the troops and military force he was beginning to pour into the Gulf, without any clear notion of where the buildup would end. . . . It seemed to Powell that the military was rolling down a highway, uncertain which off-ramp it was supposed to take."

As late as October, Powell "reminded Cheney that he had not participated in a full policy review or a discussion of the options or their merits. It was at this point that the JCS chairman began to press for containment and strangulation, pointing out the advantages of economic sanctions." But in making his case to Scowcroft, Powell "did not come out and say, in so many words, this is my position."

At that point, on "one Friday afternoon in

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October," Cheney invited Powell to come over to the White House and make his case to Bush. Woodward's description in the book's prologue of that meeting, with Cheney and Scowcroft sitting in, has not been contradicted. Powell told the president that the containment/strangulation/sanctions option "has merit" and "will work some day" though it might take as much as two years. But he "did not go so far as to say to the President that containment was his personal recommendation," as indeed it was, instead saying he could "live with" either that or the military option.

THE ACCOUNT of how the military option was finally picked is engrossing reading but leaves so many unanswered questions that it is hardly a jewel in the crown of a fabled reporter. The basic decision after the November mid-term election to reinforce and not rotate troops, all but locking in the decision to go to war, is skipped over hastily. Woodward's basic problem here is trying to write *Hamlet* without the Prince. He seems to have no access at all to the thoughts and decisions of the commander-in-chief, George Bush. What Margaret Thatcher said to Bush in Aspen that August may have shaped the course of history a great deal more than the back-and-forth between Cheney and Powell, but we learn nothing about it here.

Actually, by his own account, Woodward's initial plan for *The Commanders* was "to focus on the military and civilian leadership of the Pentagon." That would have done for the Pentagon what Woodward's *The Brethren* did for the Supreme Court. But the Panama intervention and Gulf War intervened, the impact of the latter presumably magnified by the haste of Simon & Schuster in getting to the book stalls before war fever had disappeared.

Accordingly, efforts to report and describe the exotic culture of the Pentagon are not pursued. In early pages, Woodward drops fascinating tidbits about cultural differences between the services, but Panama and the Gulf intervene too quickly for him to pursue military anthropology for long. Sadly, not much is learned about how the nation's military establishment functions. One Pentagon official (who, incidentally, cooperated with Woodward) describes *The Commanders* as a flashlight in a darkened room which by chance illuminates one small sector or another but tells little about the entire area.

Still, without himself analyzing it or even pointing it out, Woodward and his flashlight have illuminated hard feelings between civilians and military at the Pentagon. Today's highly professional generals and admirals may accept civilian control, but they surely don't like it. They deeply resented Cheney's demonstration of authority in his first days on the job in 1989 when he publicly reprimanded General Larry Welch, Air Force chief-of-staff, for marketing his own ICBM proposal on Capitol Hill.

Woodward notes that Welch, a veteran of 137 Vietnam combat operations, told a subordinate Air Force general: "I've been shot at by professionals and I'm still here. So being shot at by an amateur is not likely to cause any pain." The "amateur" reference would seem to bracket Cheney's inexperience at his new job with his deferment from the draft during Vietnam. Admiral Crowe is described as unhappy about Cheney's abrupt dismissal of General Frederick Woerner from the Panama command in order to bring in a more hawkish replacement: "Most chilling to Crowe was the indifference that the Secretary of Defense seemed to have about the career of a four-star officer." The book itself has exacerbated troubles between the military and civilians. With good reason, the civilians feel they came out second best in the account and particularly feel short-changed in Woodward's description of the Panamanian intervention.

But additional scar tissue for old wounds is hardly the most controversial byproduct of *The Commanders*. Not the least of Bob Woodward's repertorial skills is his ability to get the most recalcitrant of people to talk to him—at length, candidly, and often not prudently. The substantial time Cheney and Powell (neither of whom is known for loquacity in dealing with the news media) obviously spent with Woodward and their apparent extraor-

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dinary candor has astonished Washington's political and military circles.

Cheney is perhaps the only major figure in *The Commanders* who has publicly admitted the obvious: he talked to Woodward and talked to him for hours. He is also one of the book's few protagonists to deny publicly something written about him: sentiments attributed to Cheney that President Bush is "vindictive" (though that description was no revelation for the political community).

Unlike Cheney, Powell has never admitted saying a word to Woodward. When after a speech given to a post-Gulf War reunion of Ford administration officials Powell was asked about his cooperation for the book, the general declined to answer. But everybody knows he found lots of time for Woodward during the crisis, and his brothers in the military profession—serving and retired officers alike—are shocked and angered. They are stunned by the fact that he fully laid out to Bob Woodward the case for not going to war in the Gulf as he never did to George Bush. When the nation's top general is quoted as believing that "a prolonged war on television could become impossible, unsupportable at home," Democratic critics of Bush's war policy are legitimized. Such is Powell's prestige that it is no exaggeration to say that his views as reported in *The Commanders* have seriously undercut Republican plans to target Democratic members of Congress who voted against the war resolution. Now they can cite Colin Powell for support.

THAT IS not the only service to Democrats performed by the general. He is seen expressing concern about the Bush presidential campaign's Willie Horton "racist" commercials. Three references in the book to Oliver North all mention Powell's distaste for the Reagan aide who became a hero for the Republican Right and a bogeyman for the Democratic Left. The first such reference also points up the political gap between him and the secretary of defense: "Cheney's uncritical support for Lt. Col. Oliver North had bothered Powell."

One quote attributed to the chairman could have been constructed at the Democratic National Committee. After Bush had asked Mikhail Gorbachev in their brief post-election meeting in 1988 at Governor's Island, NY, what assurance about the future he could give American businessmen wanting to invest in the Soviet Union, Woodward writes, "Powell [present as President Reagan's national security adviser] thought Bush's question was curious, and in a way naive. It was as if Bush was asking Gorbachev's assurance that the Soviet Union was safe for American capitalism, or the businesses of large Republican campaign contributors."

A Bush Cabinet member told me he would not dare talk to Woodward because he is so dependent on the president's good favor and fears losing it. Cheney and Powell, he said, are playing on a different, higher level. They are major figures in their own right, not dependent on presidential patronage and, in fact, harboring presidential ambitions of their own. Since *The Commanders* projects only a blurred picture of how the United States decided on war in the Gulf and only the vaguest picture of how the Pentagon functions, its lasting value may be what it does to the image and political futures of Cheney and Powell.

Some of his closest former Republican colleagues in the House have privately expressed surprise and dismay about Cheney's collaboration with the despised Woodward. The secretary's associates in the Pentagon explain that he was merely defending himself against what they knew to be Powell's extensive collaboration with Woodward. The defense may have been less than effective, for Cheney comes across as a less sympathetic figure—less open, more conniving—than Powell. But for Republican palates, his qualities as portrayed by Woodward are pleasing: tough, self-possessed, disciplined, taciturn, decisive, not a man to cross.

Powell poses a more complicated proposition. Republican politicians have been saying that his comments as recorded by Woodward are so unacceptable that he has

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ruled himself out for any kind of future in the party (though obviously not for the second term as JCS chairman that Bush gave him after the war and after the book was published). But burning Republican bridges could not be accidental and must be presumed to be what Powell had in mind in the first place. Having spent most of his military career not in barracks but in the halls of Washington, he knows the meaning and impact of words.

Consequently, there is strong opinion at the Pentagon that what Powell told Woodward was his long-range declaration of intent for a political career in the Democratic Party, and could have no other possible meaning. Powell is reported sensing "a kinship" with General Dwight D. Eisenhower for having "pursued a policy of containment instead of war. So, Powell "aspired to be like him."

Eisenhower served two Democratic presidents, was the choice of the party's left-wing to supplant Harry Truman in 1948, and then unveiled himself as a Republican candidate in 1952. Powell has served two Republican presidents, was eagerly sought (before this book) by the party's political leaders as a candidate of the future, and now is dreamed about by Democrats as the first black president: a war-winning general who loves peace and sounds like a liberal. What he said to Woodward can be taken as the embryo for his political credo.□

Robert D. Novak is a syndicated columnist, a television commentator, and publisher of the Evans and Novak Political Report.

Perplexitas Arabica

David Aikman

Albert Hourani, *A History of the Arab Peoples* (Cambridge: The Belknap Press of Harvard University Press, 1991). 551 pp., $24.95.

David Pryce-Jones, *The Closed Circle: An Interpretation of the Arabs* (New York: Harper Perennial, 1991 [hardback edition published in 1989]). 464 pp., $12.95.

"WHAT IS an Arab?" The difficulty in answering this characteristically concise question posed by Bernard Lewis at the very beginning of his now classic 1958 book, *The Arabs in History*, has bedeviled most of the writing about the Arab world in modern times. The problem boils down to this: while there is an adequate linguistic definition of what an Arab is, there is also a metaphysical dimension to the term that constantly intrudes upon this more basic criterion. Thus, at the simplest level, as Lewis and others have noted, an Arab is one who speaks Arabic as his or her mother tongue.

So far so good. While Jews, Copts, or other minorities living in the heart of Araby, and for whom Arabic is their mother language, would obviously constitute exceptions, the definition is broadly workable.

Now a fact that has confounded the neat theories of sociologists of nationalism is that some nations—the United States, for example—lack virtually all the traditional criteria of nationhood. They exist because their inhabitants believe that they constitute a nation and have then taken collective action to formalize that conviction institutionally. In the case of Arabness, however, the subjective elements go well beyond a widely held Arab belief that a definition of membership in their nation cannot be reduced to merely linguistic qualifications. Lewis himself cites an unnamed Arab leader who, several decades ago, put the definition of an Arab this way: "Someone who lives in our country, speaks our language, is brought up in our culture and takes pride in our glory, is one of us." Yet this definition is itself a philosophical minefield. Who defines whether a person takes pride in his or her

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culture? And what, moreover, does "culture" include?

For most Westerners, there could be a dozen answers to that question. Yet for most Arabs, any answer invariably includes adherence to the religion of Islam. If that understanding of Arabness is accepted, then Arabs who don't happen to be Muslims are automatically excluded from the full benefits of membership in the Arab nation. Given Islam's history of condescending discrimination against non-Islamic groups and the ever-growing role of Islamic militancy within the Arab world, that renders an Islam-linked definition of Arabness alarming to non-Muslim minorities.

Nor is this all. The Baath Party, which still rules Syria and, *pace* Desert Storm, Iraq too, has made it explicit that, in pursuit of its pan-Arabist goals, the political authorities alone will decide who does and who doesn't belong to "the people." Here, neither speaking Arabic nor even being a Muslim is enough. In exactly the same way as Red Guard zealots during the early years of China's 1966–1976 Cultural Revolution defined with cruel and subjective arbitrariness who was or was not part of "the people"—invariably persecuting the rejects—Iraq's Baath leaders have arrogated to themselves all of the keys to national belonging. On the Baath Party's definition, Arab nationality is a product above all of political correctness. This is a frightening thought indeed—and was intended to be—when the murderous violence meted out to politically "incorrect" people in Iraq is borne in mind.

The inseparability of Islam from the concept of Arabness—not to mention such nebulous ideas as "faith in the Arab nation"—has been a thorn in the flesh of Western students of the Arab world, and not just because Arabic-speaking Copts and Lebanese Christians are obviously not Muslim. The real problem is that, since most Arabs do not in their minds separate their religious faith in Islam from their national identity, it is impossible for an outsider to determine how much of their behavior is "Arabic" and how much is "Islamic." This is doubly so since Arabs vary enormously among themselves in physical characteristics, temperament, and habits. It is often a surprise for outsiders to discover how much Gulf Arabs differ from their cousins in the Maghreb, or how alienated an Egyptian fellah tends to feel from, say, an Iraqi bureaucrat. Yet it is no less surprising when that same Egyptian peasant hurls out on a Cairo street the slogans of Nasserite pan-Arabism with a zeal equal to that of the Iraqi follower of Saddam Hussein in downtown Baghdad.

CERTAIN things about the Arab world meanwhile stare you in the face or, as David Pryce-Jones might put it in *The Closed Circle*, practically jump down your throat. One is that not a single Arab state belonging to the twenty-one member Arab League (of which one member is the PLO) can honestly be called democratic. Another is that in most Arab states violence has seemed to be almost endemic to the process of political change. Worse—and this is now Albert Hourani speaking in his vastly different book, *A History of the Arab Peoples*—there is "the apparent paradox of stable and enduring regimes in deeply disturbed [read "violent"] societies."

The violence of Arab political life, particularly in the decades since the PLO initiated its activities in international terrorism, has become such a truism that a cynic might be tempted to observe that the most striking contribution of recent Arab culture to modern global civilization is the airport body search. Pryce-Jones actually goes further, arguing with some bitterness that, precisely because of international terrorism, " 'Palestinian' has become synonymous with criminal." Other harsh generalizations by him include: "The more the Arabs modernize, the less Arab they become"; "absolute power has always been the central feature of the Arab political order, and violence is the determining factor of it"; and "at present, an Arab democrat is not even an idealization, but a contradiction in terms."

The stridency of such comments, as well as occasional ill-considered generalizations on a variety of Arab-world topics, to some extent undermines the effectiveness of what in many ways is a remarkable book. Pryce-Jones

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disarmingly confesses that he is neither Arabist, nor social scientist, nor political scientist. Like the little boy who embarrassingly shouts out that the emperor is indeed naked, however, he brings into the open exactly those facts of Arab life that are so frightening to outsiders and yet so central to the polity of the Arab world. What is it, he asks, that causes Arab political life to be so crudely and repetitively despotic, whether it is among the steel-and-glass high rises of Riyadh or the fetid alleyways of Damascus? Why is gross exaggeration and outright lying such a common feature of Arab political discourse? What explains the apparent inability of democratic institutions and checks and balances on power to take root in any Arab society?

THE ANSWER he provides boils down to this: All social and political relations within the Arab world have to be understood in a shame-honor matrix, a ruthless world of permanent combat for power and status where winners take, and losers lose, everything. As the author puts it: "Acquisition of honor, pride, dignity, respect and the converse avoidance of shame, disgrace and humiliation are keys to Arab motivation, clarifying and illuminating behavior in the past as well as in the present." Pryce-Jones finds the roots of such conduct in the tribal society out of which the Arab imperium grew in the first four centuries after the death of the Prophet Mohammed in 632 AD. In essence, he argues that Arab societies have never escaped the relentless cycle of dog-eat-dog competition—hence the "closed circle" of the book's title—and that outsiders have always suffered "Eurocentric" delusions by expecting the Arabs to behave differently than they do.

This is a provocative thesis. Leaving aside for the moment some of the weaknesses in argumentation, if this thesis is even mainly correct, then it must lead to the conclusion that the application of Western-style constitutions, conferences, international legal treaties, and other well-intentioned paraphernalia to Arab reality is at best naive, and at worst quite dangerous. Pryce-Jones does seem to come to this conclusion, which is gloomy indeed. It implies that the Arab world will never enter the world of "normal" international conduct until such a time as the vicious cycle of tribal survivalist politics is broken. And it offers no real hope that there will be an end to this cycle because, so far, no external philosophical or sociological element capable of bringing change has taken root in any Arab society.

There is an interesting corollary to this line of thinking. It is that even Israel, the one country in the Middle East with a domestic polity not locked within the shame-honor circle, has become dangerously enmeshed in the dog-eat-dog political culture of its neighbors. "Israel," says Pryce-Jones, "has the strange fate of being the first and only indigenous society in the Middle East to test whether democratic constitutionalism can take root within the all-embracing and ever-flourishing Arab sociopolitical order; and if so, then further testing what the consequences will be for that Arab order." But Pryce-Jones seems already to have answered his own question. According to him, the Israeli invasion of Lebanon in 1982 was itself "a glaring example of power challenging as practiced in the Arab system."

The Pryce-Jones thesis is not for the timid. Nor for the unwary. Part of the problem is the very lack of Arabist or sociological training to which the author has already confessed at the beginning of the book. If the book is an interpretation of the Arabs, why an entire sub-section on Khomeini, who is not Arab at all? Of course, as we have suggested earlier, Islam is so intricately interwoven with the Arab condition that it could be argued that Khomeinism at least deserves attention. Fair enough. One of Pryce-Jones' greatest weaknesses, however, seems to be his unwillingness to face Islam head on as an obstacle to social, political, and ethical progress in the Arab world that is possibly far greater than shame-honor tribalism.

Here we are on very dangerous ground. In civilized societies, after all, it is not acceptable to speak derogatorily about the personal faith of millions of decent men and women in

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the world. Nevertheless it seems that a strong case could be made that the belief system of Islam plays a greater role than inherent tribalism in the preservation of totalitarian elites in the Arab world. As an ideological system, after all, it is Islam that continually suppresses ways of thought skeptical of religious (i.e. Muslim) authority, that is used to justify treatment of women now considered quite unacceptable in most of the world, that will not accept church-state separation, and that eschews a civic, as opposed to a religious, solution to the issue of religious pluralism. Even in Egypt in 1991, it took concerted pressure from the U.S. Congress to secure the release from an Interior Ministry jail (no trial needed to put someone in there) of three Egyptian Christians whose sole offense—Egyptian courts confirmed that this was not legally a crime—was to have converted from Islam. The moral "climate" of Islam made it acceptable for these men to be beaten and tortured for months on end without a single segment of Egyptian Islamic society raising a voice in protest.

DESPITE episodes like this, which are so commonplace that they are virtually taken for granted by foreigners residing in Arab countries, Pryce-Jones states: "No reason exists why Islam should not adapt to the scientific and rational outlook as Christianity and Judaism have done; and its supposedly peculiar and total intractability in this respect remains to be proven."

On the contrary, it is precisely because Islam has such enormous difficulty adapting to the rational outlook that such an outstanding Arab historian and scholar of Islam as Mohammed Arkoun, currently at the Sorbonne, is unable to teach and publish anywhere in the Arab or Islamic world. In Saudi Arabia, a Western-educated Saudi despairingly told a visiting journalist: "Imagine! There is not a single Saudi university where it is possible to teach Plato." The rest of the thought hardly needed to be expressed aloud—namely, how bitterly ironic, since it was the Arabs who largely kept classical Greek thought and literature alive during the European dark ages.

This point, of course, brings us to another dilemma in coming to terms with the Arab world: how to explain the astonishing achievement of classical Arab civilization at its height, through, say, the fourteenth century, and its almost relentless decline under the Ottoman Empire and later? The Arabs developed to a very high degree of efficiency the astrolabe, an astronomically based navigational instrument, without which the great Portuguese voyages of discovery across the Indian Ocean to the Far East would have been incomparably harder. Arabs contributed enormously to the world's knowledge of mathematics, medicine, geography, chemistry, and astronomy at a time when these sciences were either non-existent or in their infancy in Europe. The great Arab historiographer Ibn Khaldun, who served the ruler of Tunis in the late fourteenth century, produced in the *Muqaddima* one of the most illuminating introductions to the study of history anywhere in the pre-modern world. Arabic architecture, calligraphy, and geometric design belong among the greatest achievements of the human race. How did this come about, and why did it all go away?

To his credit, Pryce-Jones does mention Ibn Khaldun, in fact citing a rather interesting observation by the historian:

> "The practice of the arts is in general very limited in countries where the Arabs are indigenous and in the areas which they have conquered since the promulgation of Islam. Consider, on the other hand, how the arts are flourishing in the countries inhabited by the Chinese, the Hindus, the Turks and the Christians, and how the other nations derive goods and foodstuffs from them."

Ibn Khaldun, appropriately, is featured at the very beginning of Hourani's *History of the Arab Peoples*. A masterly, detailed, yet elegantly written account of societies and thinkers—Hourani is especially good on the important different Arab schools of thought under Islam—this work is likely to stand for a long time as the standard major account of the subject.

The virtues of the book are considerable.

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Without being either triumphalist toward the Arab achievements or self-flagellatory about the civilization's failures, Hourani is at his most insightful in accounting for the Arab achievement at its height. He does not shy away from the unpleasant topics, the subjugation of women, for example, and the blatant discrimination against conquered religious minorities beneath Arab rule. He has an easy grasp of the variety of operation of Islamic religious law, the *sharia*, at different epochs and in different societies in Arab history. There is a magisterial, almost leisurely pace to the book that explains wonderfully just how delicately constructed the social and economic base of the Arab Empire at its height really was. This is a helpful antidote to the crude picture of Arab conquest that Western history books sometimes project backward, on the basis of the indeed crude nature of much of Arab political rule today. Hourani's grasp of his Arabic material is confident and convincing.

Yet it is precisely the book's assets that render its liabilities so surprising. As soon as the author moves into that decisive phase of Arab history, the jarring encounters with European imperial expansion from the late eighteenth century onward, the sense of mastery apparent in the first chapters of the book weakens. A bare 33 pages in 458 pages of text are devoted to the determining nature of the clash of European and Arab cultures during 1800–1860, and the rise of global European dominance. The last few chapters, covering the dramatic rise of Arab nationalism after World War II, are generally well paced and informative, yet they seem almost bloodless.

ABOVE ALL, there is almost no indication of the sense of humiliation and rage at Western regional political hegemony that has been the hallmark of Arab nationalist rhetoric for half a century. Nor is there more than a hint of the continuing tectonic struggle in the Arab world between the usually hereditary leadership elites in the conservative, pro-Western regimes of the Gulf and the careerist, often military-based elites that have dominated the politics of the Levant, Iraq, and much of the Maghreb. As for the totally unexpected and very bloody seizure of the Grand Mosque in Mecca by Islamic fundamentalists in November 1979, it is quaintly referred to as "an episode in Saudi Arabia in 1979." Episode indeed: it was the most serious threat to the House of Saud since the regime came to power in the 1920s. Had the coup attempt succeeded, there is no telling what the political landscape of the Arabian peninsula might be like today. Hourani, in short, is almost otherworldly, a historian who becomes increasingly wearied and wary as he approaches the raucous clamor of the present.

Both books are entirely worth reading. Pryce-Jones has assembled a formidable array of quotations, many of them highly unflattering to the Arab leaders who originally made them, in illustration of his shame-honor thesis. Hourani has recaptured the elegance of civilized historiography. But the shortcomings of each work are less of a discredit to the authors than they are an illustration of the dismal state of Arabic studies in the West. Some seventeen years after the first "oil shock" of 1974, the breadth and depth of research and analysis of the Arab world at the best American universities is still embarrassingly modest.

There are some powerful statistical illustrations of this. According to the Survey of Earned Degrees, a study issued by the Department of Education, there were exactly 4 undergraduate degrees in Arabic in the entire country in 1988–1989. By contrast, there were 140 undergraduate degrees in Chinese—arguably a harder language than Arabic—and 256 in Russian.

Now Russian and Chinese, of course, are the languages of powerful world nations that not so long ago were considered dangerous potential adversaries of the United States. Some of the very best brains at American universities were drawn into Chinese studies in particular during the early 1960s not only by the perennial fascination that China has exerted on the outside world but by the fat federal grants made available to students under the National Defense Education Act. To

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put it crudely, when Congress considered knowledge of adversary societies an issue of national security, money was made available to study them. The result: American universities are easily the best in the world in Russian and Chinese studies. Unfortunately, as far as federal allocations go, Arabic studies in America seem destined to trail along at minimal functioning levels until the wise heads of Congress begin to ask if the United States can afford to make any further serious miscalculations about the Arab world.

But money is not the only problem in raising American comprehension of Arab realities. To study any foreign culture or language effectively, there must be the projection toward it of a reasonable degree of sympathetic sensitivity. A person who finds all Scandinavians cold and unfriendly is unlikely very quickly to master the Swedish language; but few Americans really harbor ill-will toward Swedes. In the case of the Arabs, on the other hand, there are powerful emotional barriers in American culture, especially at the popular level, to a truly sympathetic understanding of their culture and societies.

Much of the antipathy can certainly be attributed to the behavior of Palestinian terrorist groups over the past two decades: you do not inspire global admiration, after all, by machine-gunning twelve-year-olds in international airports. But there is also suspicion at a far profounder level. For one thing, American Jews, who populate American higher education in impressive numbers, are unlikely as a general rule to be zealous about promoting Arab studies. But even many non-Jewish Americans feel that there is something in the Arab psyche that is alien and hostile toward fundamental American values.

In part, it is something at the level of religious conviction: Arabs (i.e. Muslims), completely reject both the Jewish view of divine revelation in the Old Testament and the Christian narrative of a dying and rising Jesus Christ in the New Testament. Even secular Americans who spend no time in church or synagogue are uncomfortably aware of this antipathy toward their own religious traditions. In part, the persistent absence of strong democratic institutions in the Arab world, or of loud voices calling for them, has persuaded many Americans, even unconsciously, that Arabs somehow don't really share the same basic aspirations about peace and freedom, justice and truth toward which the rest of the world, however incoherently, seems to be aspiring.

PRYCE-JONES, in one of his most insightful moments, articulates this feeling pithily. "An Arab Solzhenitsyn is needed," he explains late in the book, "to restore to the millions of innocent victims the humanity of which they are robbed." The obvious point, of course, is that this Solzhenitsyn must be Arab: he must credibly convey the morally neutral Arabness of his cultural and social roots while repudiating the deeply cruel political habits that have characterized much of the Arab condition in modern times.

Western students of and writers about the Arab world, meanwhile, must somehow overcome their misgivings about Islamic hostility toward the West as they attempt to convey with true fairness the reality of Arab life. In an earlier age, it might have been enough to say that common human decency alone required that the Arab world be studied with care and sympathy, notwithstanding the aberrant behavior of many Arab governments. Today, mere self-interest may need to be invoked: to misparaphrase Santayana, "those who fail to learn about the Arabs are condemned to suffer at their hands." As for the Arab Solzhenitsyn, at least one has appeared, Samir al-Khalil. His *Republic of Fear: Saddam's Iraq* must rank as one of the most devastating moral indictments of political wickedness in modern times. But of course, Pryce-Jones may have the last sardonic smile. The name Samir al-Khalil is itself a pseudonym, protection against the murderous revenge of Saddam Hussein's agents. Not even Solzhenitsyn ever had to face that response from the regime that he denounced in his writings.□

David Aikman is a senior correspondent for Time.

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History Lessons

Daniel Moran

Michael Howard, *The Lessons of History* (New Haven: Yale University Press, 1991). 248 pp., $27.50.

Paul Kennedy, ed., *Grand Strategies in War and Peace* (New Haven: Yale University Press, 1991). 224 pp., $25.00.

IT IS NOT easy to learn from the past. This is a fact that historians, at least when they assume the overt role of educators, are inclined to keep to themselves. Given two or three hours a week to polish up the historical consciousness of their students, even the most circumspect professionals are unlikely to emphasize the enormous concentration their discipline requires, or to admit that a lifetime of study can yield insights whose instrumental value may seem limited compared to those claimed by the social and natural sciences.

It is one of the many merits of Michael Howard's *The Lessons of History* that it makes no bones about the difficulty of what it is trying to do. The volume brings together thirteen characteristically elegant essays written between 1980 and 1989 during the author's tenure as Regius Professor of Modern History at Oxford. The first and last, his inaugural and valedictory addresses, deal with how history should be studied, and why it should be taught. Those in between focus on problems in the history of war and international relations in the modern era. Some take specific episodes as their point of departure—the Anglo-German arms race that preceded the First World War, for instance. Others examine issues of the broadest scope—the consequences of nationalism for international life is a recurrent theme, as is the impact of war on the societies that fight them. All are animated by Howard's conviction, as he says in a brief introductory note, that historical study is essential "in training not only political but ethical judgment." In the end, the lessons he would draw from the past are those of the examined life itself: intellectual humility, skepticism of cant and received opinion, sympathy for other points of view, and a firm commitment to the kind of open society that makes these virtues possible.

The pieces assembled in Paul Kennedy's *Grand Strategies in War and Peace* have a more pragmatic but no less useful purpose: to probe those characteristics of "grand strategy" that exist at all times and places, in order to shed light on present conditions. The volume, which originated as a series of lectures to complement a course at Yale on the history of war, consists of case studies by eight contributors, each of whom examines the conduct of a particular European power. All share a common understanding of grand strategy as comprising not just war-making, but all the elements of policy that influence the strength of a state in relation to its neighbors. This conception binds the essays together, and gives the book cohesiveness despite its chronological range, which extends from Arther Ferrill's "The Grand Strategy of the Roman Empire" to "The Evolution of Soviet Grand Strategy" by Condoleezza Rice. There is also a concluding essay, "American Grand Strategy, Today and Tomorrow," by the editor, in which he considers the lessons of the European experience for contemporary policy-makers.

By the end of the volume, careful readers will begin to feel a few tentative generalizations forming in the backs of their minds. Perhaps the most compelling is the degree to which alliances matter, even to the greatest of powers. This is a major theme in two-thirds of the essays, notably John Hattendorf's on British strategy in the War of the Spanish Succession, "Alliance, Encirclement, and Attrition," Eliot Cohen's "Churchill and Coalition Strategy in World War II," and Douglas Porch's "Arms

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and Alliances: French Grand Strategy and Policy in 1914 and 1940." All three emphasize the importance not just of having but of "managing" allies, which in these accounts is less a matter of binding them to your own interests than of recognizing the legitimacy of theirs.

Indeed one would be justified in concluding, on the evidence presented here, that the signal characteristic of the successful strategist at all times is empathy. After that, perhaps, would come patience. In the formulation of grand strategy, no feeling seems to be more corrosive than the belief that time is not on your side. This affliction binds statesmen across centuries, even under circumstances that could hardly be more different: it is difficult, for instance, to read Dennis Showalter's discussion of German strategy in the twentieth century ("Total War for Limited Objectives"), with its penchant for taking the bull by the horns at every opportunity, and not recall John Elliott's account of imperial Spanish policy three hundred years before ("Managing Decline") and the sad determination of the Count-Duke of Olivares to "die doing something"—a sentiment worthy of Ludendorff himself, not to mention Hitler.

WHEN ALL is said and done, however, the natural divergence in the authors' points of view and the diversity of the events they survey make easy analogies impossible. Professor Kennedy's conclusions are correspondingly modest: America's strategic success will depend on having a broad appreciation of the resources that contribute to national strength, and on carefully reconciling the ends of policy with the means those resources can provide. That said, however, the "inordinate complexity" of actually doing this remains impressive to Kennedy. The last word thus goes to Carl von Clausewitz, the man quoted more often than any other in both these books, for whom, as Kennedy notes in his final paragraph, strategy was always an art, never a science.

All the essays in these volumes date from the 1980s. None is prophetic of recent events in Eastern Europe or the Soviet Union, a fact Michael Howard takes rueful notice of in his introductory note. This lack of prescience, however, is probably just as well, since a few lucky guesses would only distract from the real goal of historical study as represented here, which is not to predict the future but to help us master it when it arrives. Certainly this sense of mastery has proven difficult to achieve in recent years. Thoughtful people today, not least those charged with the making of policy, often feel cut off from a "useable" past by the cataclysm of the world wars and the advent of nuclear weapons, which at times mock the ends and means of policy as traditionally understood. This feeling is not unprecedented, nor necessarily synonymous with intellectual infertility or political failure. It was shared, for instance, by people in the late seventeenth and eighteenth centuries who created ideas from which the modern world still draws inspiration. They too looked back on a past dominated by religious war and political upheavals that they felt lucky to have survived and had no wish to repeat. Still, few individuals nowadays share the faith in progress that came to mark that earlier time. Hardly any would claim to find freedom in their alienation, and most would be glad to recover a stronger sense of the past if they could.

Nevertheless, we must be careful about envying those to whom history offers its lessons too easily. This cautionary note pervades Michael Howard's essays, particularly those—a half dozen or so—that deal in one way or another with the advent of World War I. As Howard demonstrates repeatedly, no generation of European soldiers and statesmen has possessed a livelier historical sense than those of that era. Educated in the confident empiricism of the late Victorian age, they believed the past, like nature, would yield up its secrets in proportion to the degree of orderly, scientific inquiry to which it was subjected. They had their assumptions, like everyone else, but they were not slaves to ideology. They lived, moreover, in societies where matters of war and peace were widely debated beyond the halls of government. Although pilloried in retrospect for their

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complacency, they were not insensitive to change. Many were concerned with how the astonishing social and technological developments of their own time would affect international relations and the conduct of war, and they looked to the past to help solve this problem. To Howard, indeed to anyone who believes in the value of history for politics, it is no laughing matter that such men should have presided over one of the great geopolitical catastrophes of modern times.

At the end of the nineteenth century, military professionals had reached a broad and dispiriting consensus on the nature of modern war. The root of the dilemma, as they saw it, was technological. The range and firepower of modern weapons insured that battles in the future would be fought over wide areas, by bodies of troops that, because of their size and the dispersal necessary to avoid their slaughter, would be difficult to control. Casualties would nevertheless be high, as would the consumption of ammunition and everything else that war devoured. These immense armies, moreover, would be made up chiefly of conscripts, whose determination and endurance were open to question. It was rightly feared that attacks would become bogged down under such conditions, that battles would become mere sieges, and that war would lose its decisiveness, and therefore much of its political value.

THIS ANALYSIS was not based on abstractions but, as Howard (seconded by Porch and Showalter in the Kennedy volume) makes abundantly clear, on a close study of war in the recent past. Although it is sometimes imagined that the men who fought the Great War were mesmerized by Germany's lightning triumph over France in 1870, this was not so. If anything, that exemplary demonstration of military efficiency by the Prussian General Staff lost its luster with the passage of time. Increasingly, it was not the rapidity of the German advance but the tremendous casualties incurred by every frontal attack that preyed on the minds of professional soldiers. As Showalter observes, even the architect of Germany's victory, Helmuth von Moltke, eventually came to doubt whether such success would ever be possible again. These apprehensions were strongly reinforced by the example of the American Civil War, with its seemingly endless campaigns of attrition, and later by the Boer War, which proved far longer and bloodier than earlier "colonial" conflicts.

Obviously the men of 1914 were far from indifferent to the historical facts. Yet it is equally obvious that they failed to interpret those facts correctly. Facts, after all, do not speak for themselves. Historical interpretation always involves the weighing of contradictory evidence, and in this respect the military and political leaders of that era may have fallen short. Too often the facts were filtered through a screen of professional arrogance and presumption thick enough to blind men to the evidence of their senses. Thus the perverse belief that machine guns would favor a mobile offensive, rather than a static defense, was undoubtedly based less on historical experience than on the need to find some talisman with which to dispel the specter of stalemate. Similarly, the conviction that the next war would be short—a commonplace in almost every age—had become an article of faith by 1914 not because history pointed that way but because it was the only kind of war anyone could imagine fighting on a rational basis.

It seems reasonable to conclude, in other words, that the professional obligation to make war—to preserve war's usefulness as an instrument of policy—finally prevailed in the face of mounting evidence of the futility this might involve. Europe slithered into war not because its leaders lacked historical knowledge but because the issues they faced were complex and the leaders lacked the intellectual detachment and emotional independence necessary to make proper use of the knowledge they had.

Fair enough, up to a point. In the end, however, we may wonder whether greater detachment and independence could really have saved them. Consider, for example, the European response to the Russo-Japanese War, to which Howard draws particular at-

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tention in his essay "Men Against Fire," which serves as a kind of center-piece to the present volume. The Russo-Japanese War began in February, 1904, and ended nineteen months later when Russia, beaten on land and sea, made modest territorial concessions to Japan and abandoned its expansionist policy in the Far East. It was a modern conflict in every sense, comparable in scale to European wars of the previous century, and fought with weapons and tactics similar to those employed in Europe ten years later. Its revolutionary consequences for Russia are well known, and on this account the war is commonly regarded as yet another harbinger of disaster that the statesmen of that era somehow contrived to misunderstand. As Howard points out, however, the war looked different to contemporaries than it does to us, and it is by no means easy to think of any historical arguments that might have set them straight.

THE RUSSO-Japanese War confirmed some of the bleaker inferences European soldiers had drawn from the recent past. Pitched battles had invariably produced high casualties. Some had degenerated into lengthy trench campaigns recalling those of the American Civil War. The war had also gone on for what seemed a dangerously long time—serious fighting on land lasted thirteen months. On the other hand, the war also offered grounds for optimism. Despite heavy casualties, a number of frontal assaults had succeeded against entrenched opponents with modern weapons. A few had actually been driven home by bayonets alone—a fact that seemed noteworthy even when due account was taken of the superior discipline and cohesiveness that were already being attributed to the Japanese. Moreover, although the war had gone on too long, its indecisiveness was obviously connected to the endemic supply problems that had plagued both sides: the Russian and Japanese armies had fought at the ends of lines of communications far more extended than they could ever be in Europe. If those armies had enjoyed more direct and abundant logistical support, the decision would surely have come sooner. As it was, the war had still produced a clear winner, strategically and politically.

In short, as Howard demonstrates, the Russo-Japanese War helped Europeans resolve to their own satisfaction the worst ambiguities of recent military history. It contributed to the extraordinary emphasis on morale that dominated tactical thinking in 1914 and to the cult of the offensive that shaped the strategy of every belligerent. Even more tragically, it demonstrated the vital importance of keeping the engines of industrialized warfare well stoked with men and material in order to get the bloody business over with as quickly as possible. A few years later European armies would perform logistical prodigies that could scarcely have been imagined a generation earlier, and which would have inspired amazement even if they had not been so pointless.

This subsequent experience has made obvious the crucial defect in the contemporary understanding of the Russo-Japanese War: that conflict was not made longer or bloodier by poor logistics. If anything, the opposite was true: more plentiful supplies and reinforcements would almost certainly have lengthened the war and made it less, rather than more, decisive. Yet there are no historical precedents nor any form of historical analysis, however disinterested, that could have led to this insight. Anyone who had claimed in 1910 that "history showed" that excellent logistics would make the next war less decisive would have been regarded as sadly ill-informed—as he would today, for that matter.

In the final analysis, Howard's account suggests that the historical understanding of the men who made the Great War was compromised less by prejudice or undue selectivity than by their overestimation of what that evidence could teach them. Historical study seemed to them something like double-entry bookkeeping; it would yield the right answers if only they knew enough. It was the historian's responsibility to assign the correct value to each line in the ledger—no easy task, admittedly, but achievable given sufficient

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diligence and circumspection. The notion that the right evidence might not exist, and that the future was in the strictest sense incalculable, would have seemed quite naive.

The shallowness of this conception becomes even more apparent in light of Eliot Cohen's essay on Churchill. As Cohen shows, Churchill's skill in cultivating the Americans and the Russians and his conduct as a war leader generally were both shaped by a quarter-century of historical study, first for his multi-volume history of World War I, *The World Crisis*, and then for his biography of his great ancestor, *Marlborough*. Both works, Cohen observes, employ "the same themes and diction as the great state papers of 1940–1945." It was at least in part from them—that is, from the concentrated effort of historical reflection that they entailed—that Churchill acquired his uncanny ability to pick out "the two or three 'supreme facts' governing a situation," and sharpened his sense of the "true proportion" of military and political events, which stayed with him even in the face of what most contemporaries regarded, not without reason, as unprecedented disasters.

The view of the past as a haphazard collection of useful precedents still dominates most peoples' common-sense impression of what it means to learn from history. The impression, however, is mistaken and in the long run it can only undermine our already fragile sense of community with earlier times: the past will lie to us, as it lied to our ancestors, so we will stop questioning it, having failed to notice that it is the questions, not the answers, that matter. History—deriving from the Greek word for "inquiry"—is not something you know. It is, like philosophy, something you do. Its hallmark, as Churchill knew as well as any professional scholar, is not memory, but curiosity. Despite its irreducible uncertainty, it remains indispensable to public life in a free society, not because a knowledge of the past promises a future free of risk, but because—as both these volumes illustrate so splendidly—the effort of historical understanding cultivates qualities of tolerance, objectivity, and dispassionate judgment that can only make the world a more decent and less dangerous place.□

Daniel Moran teaches history at the University of Northern Colorado.

Liberal Trade Winds

Thomas J. Bray

Robert Kuttner, *The End of Laissez-Faire: National Purpose and the Global Economy After the Cold War* (New York: Alfred A. Knopf, 1991). 304 pp., $22.95.

Robert B. Reich, *The Work of Nations: Preparing Ourselves for 21st Century Capitalism* (New York: Alfred A. Knopf, 1991). 331 pp., $24.00.

IT WAS always a mistake to think that in the wake of the collapse of the Marxist model, the Left would fold up its interventionist tent and steal away into the night. It is probably no accident, for example, that global warming and "sustainable development" have suddenly become serious concerns in liberal salons. Environmentalism, at least in its more extreme forms, provides excellent cover for those who distrust markets and would prefer to see a larger role for government. Though protectionism, "industrial policy," and other forms of essentially autarkic behavior have fallen on hard times recently, they constitute a hardy species in American history.

Now come Robert Kuttner and Robert Reich, two reliable guides to left-liberal thinking, to argue anew for the "mixed economy." The mixed economy is needed now, not to save capitalism from Marxism, but to prevent America from losing its competitive

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position in the world. Though they approach their subject from sharply different angles, they arrive at similar conclusions: the 1980s were an economic disaster, America is poorly prepared to maintain its place in the world, and government is needed to redress the balance. Along the way, both Kuttner and Reich make a number of interesting arguments and, though neither author is fully persuasive, their efforts to revive the case for economic nationalism should be taken seriously.

In *The End of Laissez-Faire*, Kuttner makes the more conventional case for economic nationalism. In essence, he argues that laissez-faire ideology in its present form rose to prominence primarily because of the need for a rallying point against communism. Now that the Cold War is over, the United States can get back to the serious business of protecting itself from economic aggression by its quondam allies. His prescription: a regime of managed trade agreed upon by the leading industrial nations, subsidies to key industries, re-regulation, and more spending on education and infrastructure.

"The prevailing ideology of economic liberalism," Kuttner writes,

> has eschewed having industrial goals in the United States: in principle, it is none of the government's business where steel, or automobiles, or semiconductors, or VCRs, or civilian aircraft are produced; if production migrates abroad, this must be the market speaking, and if foreign industrial policies are the guiding, not the invisible hand of global markets, this is deemed to make no significant difference.

The flaw in such thinking, in Kuttner's view, is that foreign companies do not play by the same rules as American companies. Because the Great Depression demonstrated "the chronic instability of capitalism," Americans should learn to accept the "stabilizing role" of the public sector. They should also forget about trying to convert other countries, Japan in particular, to laissez faire: "If Commodore Perry failed with gunboats to make Japan over in the Western image, and General MacArthur failed despite a full-fledged occupation after an unconditional military surrender, it is inconceivable that the United States can succeed now when its economy grows daily more dependent on Japan."

AS OTHER reviewers have pointed out, Kuttner spends much of his time knocking down a straw man: pure "laissez faire" has never existed, even in the United States. For Kuttner, all successes are "Keynesian," all defeats due to "Reaganomics." And while Kuttner, an economics columnist for *Business Week* and the *New Republic*, may be correct that capitalism suffers from "chronic instability," that is not saying much. The instabilities of capitalism seem rather less severe than the instabilities of other systems we have witnessed in the twentieth century. It can also be argued that the Depression, far from proving the inherent flaws of capitalism, proved just the opposite. What began as a fairly mild recession, after all, promptly deepened into something far worse after the Smoot-Hawley tariffs took effect. But that would not fit well with Kuttner's case for more, rather than less, government intervention in trade.

Many of Kuttner's arguments are effectively rebutted by his own Cambridge colleague, Robert Reich, who teaches political economy at Harvard's Kennedy School of Government and has served as an adviser to leading Democrats. Reich explicitly rejects the "zero-sum nationalism" of protectionists on both the left and the right in favor of a "positive nationalism" that stresses the upgrading of American skills. As he sees it, countries that try to wall themselves off from competition are engaging in "vestigial thinking."

In the future, claims Reich, "there will no longer be national economies, at least as we have come to understand that concept." Jobs and investment will be able to move, in the twinkling of a computer's eye, to the most hospitable areas around the globe. And in any case, classical protectionism is no longer possible. "By the end of the 1980s, almost a third of the standard goods manufactured in

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the United States, by value, were protected against international competition." The chief effect was only to drive up costs for other industries. "Once the steel industry successfully warded off cheaper foreign steel," Reich notes, "the Big Three American automakers discovered that they had to pay 40 percent more for it than did their global competitors, thus putting American automakers at a disadvantage and, paradoxically, making them all the more needful of protection."

As the world draws closer together, goods can more easily sneak in through third countries. "Thus, proliferating 'voluntary' restraint agreements notwithstanding, between 1969 and 1979 the value of manufactured imports relative to domestic production in the United States surged from less than 14 percent to 38 percent. By 1986, for every $100 spent on goods produced in the United States, Americans were buying $45 worth of manufactured imports."

Talking in terms of nationality has less meaning than it used to. To make his point, Reich offers some telling examples: Canada's Northern Telecom sells telecommunications equipment made by Japan's NTT at NTT's factory in North Carolina to American customers. Under its own trademark and in the United States, Chrysler, led by Japan-basher *extraordinaire* Lee Iacocca, sells Mitsubishi autos assembled in Taiwan. And when the U.S. trade representative finally succeeded in opening the Japanese market to American paging devices, the goods were shipped by Motorola—from its plant in Thailand.

Reich overdoes this argument. As Kuttner notes, the nation-state is still the locus of economic decision-making. And having marched bravely up the free-market hill, Reich proceeds to march right back down. His "positive nationalism" has a familiar ring. Like Kuttner, he favors more spending on education and infrastructure. Like Kuttner, he would subsidize key industries (though Reich would also make these subsidies available to "high-value-added" foreign businesses that locate within national borders). And to finance all this, Reich falls back on standard liberal dogma: a sharp increase in progressive taxation, a formula with which Kuttner would not disagree.

America's elite—the "symbolic analysts" who have attended all the best schools and possess the skills necessary to compete globally—are making it. Most of the rest, perhaps four-fifths of the population, are just scraping by. And, according to Reich, not

Defending Nationalism

The most important empty shelf in the storeroom of contemporary political debate is the one labelled "an intelligent defence of modern nationalism" . . . . The primary connection between nationalism and democracy is one which we, living in stable national democracies, ignore; but we ignore it only because we take it so entirely for granted. "Democracy" means "rule by the people": this assumes that a particular set of individuals can count as a "people," and can be recognised as such by those individuals themselves. We could just draw arbitrary lines on the map, dividing Europe into 200-mile squares and telling the inhabitants of each square that they were a people. But there would then be no guarantee that a political minority in such a square, out-voted by most of its co-inhabitants, would feel any sense of duty to abide by the decision of the majority. A democratic state needs also to be a real political community, sharing some sense of identity and common responsibility. And the basis of that identity can be supplied by such things as common history, social structure, religion, culture, or language. . . .

Noel Malcolm,
"In Defense of Nationalism,"
The Spectator, July 20, 1991.

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only is the gap widening, but "to improve the economic position of the bottom four-fifths will require that the fortunate fifth share its wealth and invest in the wealth-creating capacities of other Americans." In other words, class politics is alive and well on the liberal side of the spectrum. The term "fortunate fifth" is the key. Where some might see success, Reich sees luck and undeserved advantage. He also believes that the "fortunate fifth" has "seceded" from American society and moved to walled communities in the suburbs and beyond, leaving its countrymen behind in dead-end jobs and despairing communities. The answer is to tax them and redistribute the proceeds. This, Reich maintains, can be done with comparative impunity because the victims will have no real option but to grin and bear it: while "money, plants, information, and equipment are footloose. . . . brains, however, are far less mobile internationally."

But is that really true? If the fortunate fifth has already seceded to the suburbs, how can it be relied upon not to move even further afield, particularly if Reich and his colleagues persist in trying to appropriate their wealth? Was not the brain drain from England in the 1960s and 1970s a stunning example of what can happen if the tax burden gets out of hand?

There is an even more dubious premise at the heart of both the Reich and Kuttner books: that there is a problem which needs solving in the first place. In places like Detroit, which are bearing the brunt of the Japanese and European competition, the answer may seem self-evident. And a fair segment of the public has probably come to believe the media drumbeat: that America's economy is in a shambles, thanks mostly to Ronald Reagan and his voodoo economics. In fact, the data suggest that things aren't nearly as bad as Kuttner, Reich, and other commentators assume.

Kuttner talks insistently of American "industrial decline," for example. But manufacturing as a share of GNP has remained remarkably constant since World War II. Meanwhile, manufacturing exports as a share of the OECD total are actually higher now than they were ten years ago, suggesting that it is our trading partners who are suffering from "industrial decline," not the United States. In the 1980s, according to Commerce Department data that became available this spring, U.S. manufacturing productivity rose at its fastest rate since World War II—nearly twice the rate of the 1970s. It would appear that the American economy still has considerable capacity to right itself if given the chance.

TRUE, the number of people who work in manufacturing (as defined by largely outmoded Labor Department statistics) has declined sharply. But millions of other jobs have been created, and for the most part they are very good ones. While there has been some increase in the wage gap between very rich and very poor, which is cause for concern, the big story of the 1980s is that a large chunk of the middle class "vanished" upward into income classes formerly reserved for the "rich," as Warren T. Brookes and others have noted. America may not yet be the land of the "fortunate four-fifths" and the "unfortunate fifth," but it is still headed in the right direction to achieve that result.

Meanwhile, the stunning successes of American arms in the Gulf War, from the M–1 tank to the Patriot missile, suggest that America has not become a high-tech backwater just yet. While Japan has seized much of the semiconductor business, America remains predominant in the higher-value-added software business, precisely because of the dynamism and creativity of our economy.

The rise of Japan, and to a lesser extent West Germany, is viewed with alarm by Kuttner and others. While MITI, group loyalty, and mercantilism may explain some of Japan's success, they do not explain it all. It is quite likely that such phenomena are swamped by more prosaic factors. For example, in seeking to explain differentials in economic growth and productivity, it is incredible that neither Kuttner nor Reich raises taxes as a possible factor in the Japanese and German "miracles." Although marginal income taxes in Germany and Japan are in fact

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higher than in America (50 percent in Japan and 56 percent in Germany compared with America's top rate of 31 percent), their taxes are riddled with deductions that sharply reduce the effective rates and favor savings and investment. Equally important, both countries have cut the tax on capital gains and savings to practically zero. Indeed, both may have over-biased their systems toward savings (one reason the Japanese aren't buying as much from us as we are from them).

Neither Kuttner nor Reich deals with other conventional explanations for Japanese and German success—low inflation, which encourages the willingness to invest for the long term, or the way that the Japanese government allowed industry to effectively break the power of major labor unions in the 1950s. And while MITI may have attempted to micromanage the Japanese industrial miracle, the results have been mixed. The government lost huge sums subsidizing ship-building, for example. And Japanese auto-makers turned a cold shoulder in the 1950s to government demands that they "rationalize" production through mergers. The result was a highly competitive internal auto market of nine producers who were forced by circumstance to keep costs under tight control and fight for every customer. It is not surprising that they soon became very competitive globally.

Much of what we hear about Japan these days has a familiar ring, as Reich himself points out. He quotes from Jean-Jacques Servan-Schreiber's 1967 polemic, *The American Challenge*:

> "American industry spills out across the world primarily because of the energy released by the American corporation." That energy, in turn, derived from America's "highly organized economic system based on large units, financed and guided by national government. . . . One by one, U.S. corporations capture those sectors of the economy. . . with the highest growth rates."

The American trade deficit is generally taken as evidence that America is not as competitive as it once was. But the trade deficit may be the flip side of America's attractiveness as a place to invest, a reflection of faith in America's future rather than a sign of weakness. The money sent to America by eager investors must eventually flow back out in the form of import purchases. The question is whether those imports help build productive potential for the future or simply represent wasteful consumption. The rising productivity figures suggest that the former may be the case.

In a 1989 study, *Productivity and American Leadership: The Long View*, Princeton economist William Baumol and two colleagues concluded that "the data offer no clear basis for a conclusion that the long-run growth rate of productivity in the United States has fallen below its historical level, or that it is about to do so." Baumol confesses surprise, since he had long shared the conventional view that things were going to hell in a handbasket. "This book is perhaps most easily summed up as a compendium of evidence demonstrating the error of our previous ways," the authors begin with refreshing candor.

IN THE END, it is government, not business, that both Reich and Kuttner appear most concerned about protecting. Kuttner is, perhaps unwittingly, fairly explicit on the point. The hallmark of the postwar economy, he claims, was a series of barriers to the free flow of capital. This "enabled center-left parties to broker and defend social contracts that benefit their constituencies. Social democratic and labor parties had been the natural custodians of these social contracts, and the voters reciprocated by returning them to office." The globalization of trade and capital brings great pressure to bear on the welfare state that was ushered in by Franklin Roosevelt and brought to a high point under Lyndon Johnson.

Reich at least recognizes that the world economy is developing in ways that make the old politics difficult to sustain, but he is no more successful than Kuttner at constructing a rationale for an updated version of the "social contracts" that Kuttner talks about. The world is moving away from economic

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nationalism and toward markets, in part because technology is driving them in that direction but also because of the stunning successes of the market model. The interest of the United States, this reviewer would argue, lies in broadening and deepening this trend, particularly here at home. It would be dispiriting in the extreme to political and economic reformers elsewhere, particularly in Eastern Europe, if the world's largest single marketplace, the United States, turned its back on markets just as their success is being vindicated. Progressively freer trade and the openness of the American market were major factors in the remarkable recoveries of Western Europe and Japan after World War II, which in turn helped to drive American prosperity to heights unparalleled in human history, and ultimately helped contain the Soviet threat. Rarely has an array of policies worked so brilliantly.

Likewise, access to Western markets will be indispensable for progress in Eastern Europe and the Third World. Readers are not likely to be persuaded by Kuttner's notion that government can "manage" world trade, as many Americans have come to doubt whether government can manage its own budget. American economic policy abroad must reflect America's economic policy at home in emphasizing growth over redistribution and incentives over government-directed mercantilism. If George Bush's New World Order is to have any meaning, it must spring from an understanding that if America allows markets to do their work, tempered only where necessary and then very carefully, the rest of the world will have little choice but to follow in America's train.□

Thomas J. Bray is editorial page editor of the Detroit News.

The Secret History of Totalitarian Art

George Walden

Igor Golomstock, *Totalitarian Art in the Soviet Union, the Third Reich, Fascist Italy, and the People's Republic of China* (London: Collins Harvill, 1991). 416 pp., £30.

ART, ITS practitioners are wont to remind us, prefigures the future. As they watch their works disappear from museums and their state collapse into the rubble of communism, the official artists of Eastern Europe must be asking themselves what happened to *their* future, and where they went wrong. Since to a man and a woman they were zealous opponents of abstraction and "bourgeois formalism," they would be surprised to learn that part of the answer lies in the links between *avant-garde* painting and totalitarian art.

On the face of it, anything more distant from the exquisite early abstractions of the Russian painters Malevich and Kandinski, or the exhilarating futurism of the Italian Marinetti, than the tractor drivers of Soviet socialist realism, the idealized peasants of the Italian Fascists, the official portrait of Goering at Luftwaffe Headquarters, or Chinese woodcuts of Chairman Mao, seems impossible to imagine. Yet, as Igor Golomstock demonstrates in his brilliant new book, *Totalitarian Art*, totalitarian realism had ideological, if not formal, roots in early twentieth-century modernism.

Sometimes it was sheer naiveté: "Lenin turned Russia upside down the way I turn my pictures," Marc Chagall, the painter of tipsy churches and airborne peasants wrote in the first flush of revolution when he was commissar for arts in the People's Commissariat for Enlightenment. Twenty years later, in Paris, he made amends for his early enthusiasm by painting Lenin on his head as a clown.

But the infatuation of *avant-garde* painters with revolution was mainly a result of that most delirious of all abstractions, art-

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intellectualism: the exultant proclamations of artists about how their paintings or sculptures are the harbingers of a new and better world. And it was the promise of a world turned upside down that inspired many pre–1917 artists in Russia, and was later to draw them to the Bolshevik Revolution. And just as they welcomed the cataclysm of 1917, so in 1919 the Italian futurist painter and theoretician Marinetti was at the side of Mussolini when the Italian Fascist movement was launched in Milan.

TODAY we think of abstract or futurist painting as the antithesis of socialist style, national or communist. But, as Golomstock shows, in early revolutionary Russia, the terms futurist and communist meant the same thing. In the first years of the Soviet regime all the key positions in art were held by *avant-garde* artists: Kandinski himself was the first chairman of the Institute of Artistic Culture. Meanwhile, in Italy, the futurists were proclaiming that "We rebel against the spineless worshipping of old canvasses, old statues and old bric-a-brac, against everything that is filthy and worm-ridden and corroded by time." It is salutary to remember that half a century later Mao Tse-tung was encouraging Red Guards in his Cultural Revolution to "smash the old," to the enthusiastic applause of the recently deceased hero of the Italian Left, Alberto Moravia.

The perversion of the ideals of *avant-garde* artists began in Russia. As in literature, those modernist artists who did not escape abroad (and many of them did) were destined to be consumed by the revolution. But however much one admires their work and deplores their fate, they cannot be seen as purely sacrificial victims. In the early years of the Bolshevik Revolution, it was not the Communist Party or its cultural overseer Lunacharsky but the modernist artists and theoreticians themselves who pressed for strict, centralized administration of the arts.

As we now know, they got it with a vengeance; the party knew what it liked, and it wasn't abstraction, experimentation, or "degenerate formalism." It wasn't long before the regime was suggesting that a rude, proletarian simplicity should replace the dizzy experimentalism of the modernists. Already in 1922 there were attacks on the "abstract fabrications which discredit the world proletariat." But again it was the artists themselves who took the initiative in supplicating the party for instructions on how they should paint. The modernists were not eliminated overnight (this was the period of Lenin's New Economic Policy in which elements of capitalism were temporarily restored); but when the Communists found time to turn on them, both the artists and their works were ruthlessly suppressed.

It would be an exaggeration to suggest that the idealistic pre-revolutionary artist opened the road to totalitarianism, or to see modernist art as tainted. (It *did* portend the future; it was just that the future didn't work.) But that the *avant-garde* played a role in the formation of the totalitarian artistic ideology is undeniable. Just as the words of Rousseau turned into the bloody machine of

Soviet Aesthetics

Soviet citizens who have been to the United States regularly bemoan the absence of "spirituality" and of the intensity of Soviet intellectual life.

"One Soviet woman went to an American doctor and tried to strike up a conversation about Toulouse-Lautrec," [said] Tatyana Tolstaya, a writer who spends much of her time in the United States. "She was shocked that he had no idea who he was. Our doctor typically would have known all about Toulouse-Lautrec, though he would have only a vague idea where her liver is."

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Robespierre, so did the dogmatism, the theorizing, the intolerance, the machine-worship, and of course, in the most debased form, revolutionary futurism itself become incorporated into totalitarian culture.

THE FACT that this culture is by definition international helps to explain why the paintings and sculpture of Bolshevik Russia, Fascist Italy, Nazi Germany, or Communist China were to become interchangeable: idealized workers and soldiers, somber, threatening monumentalism in sculpture or architecture, and the ubiquitous portraits of the heroic and far-sighted leaders of the people. As a postgraduate student in Moscow, I remember ordering posters in an art-shop: three Khrushchevs, five Lenins, and a couple of Stalins while stocks lasted. Mass production ensured that they only cost a few kopecks.

As Golomstock is able to demonstrate, despite their ideological differences, in matters of art Communists and Nazis were instinctively drawn to each other from the start. And just as the artistic precursors of the Bolshevik Revolution were supremacists or futurists, so the cultural dictator-to-be of the Nazis, the exquisitely refined Josef Goebbels, was sympathetic in his youth to the modernists of his day: the expressionists. Such a pity, he recorded in his diary, "that we and the communists have to bash each other's head."

As in Russia, with Hitler totalitarian art came full circle. In Nazi Germany, like the victims of Robespierre's scaffold, the end for the modernists was total and terrifying:

> [If] either these so-called artists actually see things in this way and therefore believe what they represent. . . it need only be determined whether their defect of vision has occurred in a mechanical manner or through inheritance. In the first case it is deeply pitiable for these unfortunates; in the second [it is] important for the National Ministry of the Interior, which must then take up the question, at least to prevent further inheritance of such a kind of ghastly defect of vision. . . .

Thus spake the Fuhrer and failed painter.

But it was in China that the universalist creed of totalitarian art emerges most glaringly. After 4000 years of painting in inks rather than oils and never framing a picture, after Mao Tse-tung took over China's painters dipped their fine brushes in their coloured inks to depict portraits of the chairman, tractors, blast furnaces, or pylons, and framed the results. I have some of them in my possession, bought in Peking during the Cultural Revolution; there is something extraordinarily poignant about the enforced application of superb traditional craftsmanship to inhuman, propaganda ends.

The untold history of totalitarian art and its origins is charted superbly in this book, which comes complete with appropriately lugubrious illustrations. As a former member of the Union of Soviet Artists and a specialist on twentieth-century painting who left the Soviet Union in 1972 after championing the dissidents (he now lives in Oxford), Golomstock knows what he is talking about from inside experience. But his book is not just about painting. It is the history of the intellectual perversions of the twentieth century, seen through the lens of art. The revolutionary enthusiasms of Western artists of the period would make a wonderful follow-up volume. Its motto could be the *bon mot* of the surrealist Salvador Dali: "I am a genius. So is Picasso. I am a communist. Nor is Picasso."□

George Walden, a former British diplomat, is a Conservative Member of Parliament.

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Warheads and Chaos

The Soviet Threat in Perspective

Mark Kramer

THE ATTEMPTED overthrow of Mikhail Gorbachev by a coalition of Soviet hardliners in August has heightened unease in the West about the control of Soviet nuclear weapons. This unease has centered on two issues: 1. the possibility that the coup leaders could have ordered the launching of nuclear missiles, and 2. the prospect that growing ethnic turmoil could result in the seizure and use of nuclear weapons in outlying republics.

Anxiety about these matters is understandable. The United States has an obvious stake in ensuring that Soviet nuclear weapons are not captured by unauthorized personnel. Since the beginning of last year, the CIA has even been offering detailed advice on nuclear weapons security to KGB officials. No doubt, those exchanges will increase now that the political climate in the Soviet Union has taken a decisive turn for the better. Nevertheless, it is still worth asking whether most of the fears about the security of Soviet nuclear weapons are warranted.

Soviet nuclear command practices have long included certain authorization codes to put weapons on higher alert, and a separate set of codes to initiate the launching, firing, and detonation. Some of these codes reside with the national command authority, and another set are controlled by the Defense Ministry. (The KGB traditionally served as a backup.) Unless both sets of codes are implemented together in stages by authorized commanders, no weapons can be used. At every stage, unauthorized actions will be thwarted either by technological safeguards or by the numerous officers responsible for carrying out the full procedures. The mere possession of codes does not confer either the authority or the ability to use nuclear weapons.

It is true that during the abortive coup, Soviet nuclear command authority was briefly confused, as certain authorization codes were apparently removed from Gorbachev's vicinity. Nevertheless, contrary to some Western press reports, this confusion did *not* increase the risk of an unauthorized nuclear launch. Because Soviet launching procedures are so complex, anything that would have disrupted those procedures would make it more, not less, difficult for the Soviet Union to use nuclear weapons. Thus, the removal of the codes actually *decreased* the likelihood that Soviet missiles could be launched under any circumstances (even for such "authorized" purposes as retaliation against foreign attack). It is not surprising that at no time during the crisis was there the slightest hint that any of the participants even remotely contemplated, much less attempted, the use of nuclear weapons.

The Bush administration confirmed that

Mark Kramer is a research fellow at the Center for Foreign Policy Development at Brown University and a fellow at Harvard University's Russian Research Center.

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there "was never any concern about a nuclear threat of any kind" during the abortive coup, but the administration has been more circumspect about the notion that ethnic insurgents or breakaway republic governments could obtain a nuclear capability. When William Webster stepped down as head of the CIA in May, he warned that if events deteriorate further, the Soviet Union could dissolve into a group of nuclear powers. This same threat has been cited by numerous other officials in both Washington and Moscow.

In reality, however, concerns about the emergence of "fifteen nuclear powers" are unwarranted and, indeed, have done more harm than good. Soviet military officers and Communist Party functionaries scoffed at these Western fears until they realized that the specter of nuclear proliferation could be used against ethnic minorities seeking independence. Accordingly, even before the coup, hardline forces in Moscow took up the "fifteen nuclear powers" argument with gusto. Last spring, Soviet Defense Minister Dmitri Yazov (who was later arrested for his part in the coup) referred ominously to "voices that are being raised for the transfer of nuclear weapons to individual republics." The commander-in-chief of the Soviet Union's strategic missile forces, General Yuri Maksimov, issued dire warnings about the "unprecedented danger" that would ensue if the non-Slavic republics became independent.

In the same way, Soviet officials who tried to obtain many billions of dollars from the West earlier this year used the nuclear scenario to spur their prospective creditors into action. Gorbachev argued that without aid, perestroika could collapse and bring "chaos" to the Soviet nuclear arsenal, which would be "a catastrophe not just for our country but for the whole world." Similarly, in an article published in *International Economy*, Soviet economist Grigori Yavlinsky and one of Gorbachev's top advisers, Yevgeni Primakov, warned that if the West failed to provide large-scale subsidies, "dangerous geopolitical problems" would ensue, including "a reduction of control over one of the world's largest nuclear potentials."

All these Soviet warnings were little more than disingenuous attempts to exploit the anxieties—and pocketbooks—of Western governments and publics. There are real dangers stemming from instability in the Soviet Union, but the emergence of "fifteen nuclear powers" is not one of them. The likelihood that a separatist group would ever capture a nuclear weapon is virtually zero; and the possibility that such a group, if it *could* capture a nuclear weapon, would actually be able to use it is, for all practical purposes, nonexistent.

The Lay of the Land

UNTIL recently, the Soviet Union's nuclear arsenal, totaling some 33,000 weapons, was scattered among all fifteen republics. But the geographical distribution of these weapons was always uneven. Except for two SS–18 missile fields located in northern Kazakhstan, all Soviet long-range strategic missiles have been based entirely in the three Slavic republics—Russia, Byelorussia, and the Ukraine. None of these republics has yet been the site of violent ethnic unrest. Although the Ukraine has now embarked on the road to independence, republic officials have indicated that they have no intention of laying claim to the nuclear weapons on their soil. Instead, all such weapons will either be eliminated or transferred to Russian territory. As for Kazakhstan, the area around the missile fields is inhabited mainly by ethnic Russians, and most of the SS–18s in that republic are due to be eliminated under the newly completed Strategic Arms Reduction Treaty.

Nuclear munitions based in the other non-Slavic republics, where unrest has often flared up, have been deployed either on bombers or on short-range, tactical weapons, not on strategic missiles that can strike the United States. The distinction between the two types of weapons is important. Soviet strategic missiles are maintained at a high

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level of combat readiness, and are therefore always deployed with operational nuclear warheads. Soviet tactical weapons, by contrast, are normally maintained at a low level of readiness, and can be deployed without their nuclear payloads if necessary. The warheads, in that case, are stored separately at secure locations until needed during a severe crisis or in wartime.

IF NUCLEAR warheads were actually still present on Soviet tactical weapons, the capture of one or more of these weapons by insurgents would be of some propaganda value (though how much is uncertain). Reports surfaced in January 1990 that a group of Azerbaijani nationalists had attacked a Soviet nuclear depot near Baku, and that the assault had been swiftly rebuffed. Even if these reports were accurate, the important thing is that the attempted seizure was easily thwarted.

Since that time, Soviet leaders have been acutely aware of the risk that another, better-armed group of separatists might try to attack a nuclear weapons site. As a result, numerous steps have been taken to ensure that the danger never materializes. In the spring of 1990, Soviet troops began removing nuclear munitions from the most turbulent republics—the Baltics and the Transcaucasus—and keeping them under very close guard on Russian territory. The Soviet government also has significantly bolstered the size and weaponry of elite KGB units that protect all remaining nuclear weapon installations. The chance that a tactical nuclear weapon could be captured by insurgents is now virtually nil.

The relocation of nuclear warheads would be reason enough for skepticism about predictions that Soviet nuclear weapons will "end up in the hands of rebels." But for the sake of argument, suppose that—unlikely though it may be—something went wrong and a separatist group *did* capture a nuclear weapon. Would they be able to use it?

Precise information about Soviet nuclear weapon design practices is unavailable, so the answer to this question cannot be absolute. (Once upon a time, the best means of keeping track of Soviet design practices was through detailed analysis of fallout and debris from Soviet nuclear tests; but that has been impossible since 1963, when atmospheric nuclear testing was proscribed by the Limited Test Ban Treaty.) Nevertheless, based on what we *do* know about Soviet weapons design—which is more than most people suspect—the answer is overwhelmingly no.

Western knowledge of security and safety features on Soviet nuclear weapons comes from a variety of sources. A few key details have emerged from exchanges of data that nuclear weapons experts in the two countries have conducted. As far back as the Kennedy administration, U.S. officials recognized the benefit of ensuring that Soviet military planners and weapon designers were abreast of technological developments that would bolster the security of nuclear weapons. But until recently, Soviet experts had been disinclined to say much during these exchanges. Often the American participants simply presented their views without eliciting more than a perfunctory response. Since early 1990, however, when contacts on the matter increased, Soviet officials have been more willing to discuss the precautions they have taken against an unauthorized or accidental launch.

Other information comes from specialized Soviet publications and statements in the Soviet press. Although Soviet officials almost never speak openly about particular aspects of nuclear warhead design, their general references to weapon features can shed a good deal of light for well-trained Western observers. Moreover, on a few occasions Soviet experts have made specific mention of weapon security devices, as in May 1990 when a high-ranking military officer, General Geli Batenin, discussed these features at considerable length.

Finally, some information comes from technical inference and analysis. For example, Western observers who know the size and yield of Soviet warheads (through overhead reconnaissance, interception of teleme-

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try, and seismological measurement) can estimate, with considerable accuracy, whether the weapons are equipped with one of the most important safety features, insensitive high explosives. Similarly, changes in Soviet deployment and handling procedures—such as the mating of delivery vehicles and warheads in the mid–1960s—can often reveal the presence (or absence) of security and safety features.

Based on these sources of information, there is every reason to believe that Soviet nuclear weapons, particularly long-range missiles that are on permanent combat alert, are equipped with a variety of "negative" and "positive" features that would prevent unauthorized use. "Negative" security mechanisms, such as permissive-action links (PALs) and other use-denial features, physically prevent a nuclear weapon from being used until unique authorization codes are received from the national command and the requisite firing procedures are implemented. Insurgent groups would have no access to the codes needed to initiate a missile launch or a nuclear explosion.

Soviet weapons also have been equipped with anti-diversion membranes and sensors, which are designed to render a weapon inert (by disrupting the fissile material and other components) if any unauthorized disturbance occurs. Such devices are particularly useful for weapons that cannot be fully safeguarded by standard means (e.g. nuclear land mines). Furthermore, even if the PALs, anti-diversion mechanisms, and other features were not enough, Soviet leaders could rely on command-disable devices to prevent weapons from being used. The command-disable features permit stored weapons to be remotely neutralized in an emergency. All these devices, in combination, would pose an insuperable barrier to the most technologically sophisticated intruder.

Thus, even in the highly unlikely event that a band of insurgents captured a nuclear weapon, the weapon would be physically unusable and could be rendered inert (and therefore unrecyclable). No separatist groups would be able to resort to nuclear warfare to settle their grievances.

It would behoove the United States to avoid giving the Soviet (or Russian) regime an unwarranted pretext for demanding aid and for retaining control over the non-Slavic regions. The Soviet government has just as much interest as the United States in ensuring that Soviet nuclear weapons remain secure. That is precisely why Soviet leaders, to their credit, long ago began taking measures to bolster the security of their weapons. Even the hardliners who tried to oust Gorbachev had no intention of doing anything that would risk a nuclear conflagration.

This is not to say that American officials should be complacent about the dangers of instability in the Soviet Union or should dismiss the nuclear threat out of hand. If massive violent unrest were to erupt in the Ukraine before independence, there would certainly be a threat to the nuclear missiles still located in that republic (though even then, it is inconceivable that Ukrainian insurgents would actually be able to fire any weapons they might capture).

More important, as the Russian government increasingly overshadows the central Soviet government, a stable transfer of command authority will have to be arranged. The remote possibility that some sort of danger will arise during this transfer should worry, though by no means preoccupy, American leaders. There is little the United States can do to reduce that hypothetical threat, aside from offering advice about weapons security. Obviously, the U.S. government should continue, and expand, its policy of cooperating with Soviet (and Russian) experts to make weapons more secure. But what the United States should *not* be doing is lending credence to outdated claims whose main purpose was to justify the provision of Western aid or to guarantee that the non-Slavic republics would never become independent.□

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Allies of Diminishing Returns

The Hashemite Question

Adam Garfinkle

AL-HUSSEIN ibn Talal al-Hashem (a.k.a. the King of Jordan) has been many things to many people in his thirty-eight years on the throne. For those charged with managing the foreign policy of the United States, he began in 1953 as the very young ruler of a very small kingdom then seen as a British responsibility. By the early 1960s Hussein had become a relatively minor American ward in a region just on the periphery of the Cold War. After June 1967, Jordan became a key player in the occasionally intense effort to settle the Arab-Israeli dispute, and in September 1970, the eye of a great but mercifully brief storm in U.S.-Soviet brinkmanship over the Middle East.

Since the Arab League empowered the PLO to speak on behalf of Palestinians in November 1974, however, Jordan's potential diplomatic role in Arab-Israeli affairs has slowly diminished. And now, after Jordan's actions during the Gulf War, King Hussein has come to represent one of a distinct breed of allies for U.S. foreign policy: an ally of diminishing returns.

As with other such allies—Syngman Rhee and the Greek junta many years ago, Manuel Noriega and Samuel Doe more recently, and Sese Seko Mobuto today—America has come to expect less of the king. Nevertheless, we deal favorably with him not primarily because he can still do U.S. interests a great deal of good, but because his as yet unknown successors could do those interests a great deal of harm. While the king's seemingly outrageous anti-American behavior during the Gulf War has led to serious criticism of both him and the U.S.-Jordanian relationship, a careful look at both the king's actions and the reality of his position and role in the region demonstrates that he is still an ally with whom we must continue to do business.

King Hussein was criticized sharply for his pro-Iraqi tilt during the Gulf Crisis and War, and administration principals initially joined—and sometimes led—the chorus. There was much to be annoyed about. It was, after all, King Hussein (as well as Egypt's Hosni Mubarak) who assured President Bush that his Iraqi ally would not invade Kuwait. Far more important than that—for anyone can be deceived—Washington expected that the invasion would elicit, at the very least, some Jordanian equivocation about supporting Saddam. Instead there was virtually unwavering support for him on the king's part. The president was so annoyed with the extent of Jordan's early support for Iraq that the one time Bush lost his temper in public during the crisis came when ABC's Ann Compton, at an August 5 news conference, began describing a pro-Iraqi interview given that day by the king. "I can read," Bush shot back, almost certainly more annoyed with King Hussein than with Compton.

Adam Garfinkle is a senior analyst at the Foreign Policy Research Institute in Philadelphia.

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As the crisis continued, Jordanian behavior worsened. The nonsensical and endlessly repeated Hashemite refrain, that had it not been for the hasty introduction of U.S. forces an Arab solution could have been found, very much annoyed officials in Washington. Days after the invasion, when President Bush was characterizing Saddam Hussein as a Hitler, King Hussein told NBC News that Saddam was "a person to be trusted and dealt with." Thereafter, despite the king's visit to Kennebunkport on August 16, Jordan's seemingly two-faced behavior regarding sanctions, its complaints about the U.S. embassy monitoring the Jordanian-Iraqi border as the refugee problem grew in scope, its strong anti-American rhetoric, and the king's gambit of bringing the Europeans in to undermine U.S. strategy continued to vex Washington throughout the nearly six months before the beginning of the air war.

In addition, unconfirmed claims surfaced that Jordan was training Iraqis in the use of captured Hawk missiles, that Jordanian intelligence was aiding Iraq, that Jordanian weapons had been sent to Iraq before and during the fighting, that Jordan was laundering money for Iraq, and that some Iraqi mobile SCUD launchers were hiding in Jordan despite the best efforts of coalition air forces to find them. Meanwhile, too, Jordanian truck drivers were still plying the Iraqi-Jordanian desert highway in violation of the UN embargo, an activity that, in early February, caused them to feel the brunt of coalition air attacks.

ON FEBRUARY 7 King Hussein delivered a stunningly anti-American speech, seemingly triggered by the death of Jordanian truck drivers on that road and the continued bombing of Baghdad. The administration, in response, expressed its bitter disappointment with Hussein, suspended aid to Jordan, and commenced to "review" next year's aid allotment as well. The Jordanians, in turn, professed outrage, anger, and dismay. It appeared that U.S.-Jordanian relations had plummeted to their lowest point ever.

However bad the situation was, at least some of the umbrage on both sides may have been staged for effect. We do not know what was said at Kennebunkport on August 16, but it must have been clear to U.S. officials that Hussein's domestic situation limited Hashemite options. The need for the king to posture for self-preservation was doubtlessly understood in Washington, as was the frightening prospect of a Hussein-less Jordan in the midst of the crisis. The discussion may have led to more than just an exchange of sensitivities. The details remain hidden, but reporter Thomas Friedman remarked in the February 9 *New York Times*:

> While administration officials say they are ready to accept a certain amount of posturing by the King, *who has provided some useful intelligence on Iraq, and tacit military cooperation since the Gulf War began*, they felt his speech of this week crossed a line [emphasis added]. . . .

There is more. King Hussein's particularly outrageous anti-American speech of February 7, it turns out, was motivated by an urgent concern for survival. According to well-placed administration sources, Saddam Hussein had learned of Jordanian efforts to repair relations with Washington—this is where the gifts to which Friedman referred may have come into play—and had issued the baldest of personal threats against the king.

Despite knowledge of this, the U.S. cold shoulder continued for a time even after the war ended. This was partly on account of the administration's pique at Jordan's having exceeded its allotment of allowable and forgivable posturing, and partly because an Israeli-Syrian negotiation was the focus of Secretary of State Baker's efforts at the time. And with a hostile and bewildered Palestinian "street" in Jordan still absorbing the scale of the Iraqi collapse, it was no time for the king to take his first step toward reconciliation. So Baker snubbed Hussein on his first two postwar trips to the region, and Policy Planning Director Dennis Ross dubbed the king "a master of strategic misjudgment." Soon, however, both the king and the administration

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commenced public efforts to patch things up, with the king asking forgiveness all around and the president expressing friendship and speaking in glowing terms of an old and valued relationship.

While the administration had begun to come to terms with Hussein as an ally of diminishing returns, Congress lagged behind. In mid-March, seemingly determined to act on yesterday's news and yesterday's emotions, the Senate tried to turn Jordan's aid money—a pathetic $55 million in this case—into diplomatic bait by warning Hussein that if he didn't cooperate in the Arab-Israeli peace process, Jordan would get no U.S. assistance.

King Hussein did not deserve such treatment. Jordan simply cannot do as much to advance U.S. Middle East policy today as it could a decade or two ago. Understanding the king's fears and the limits of Jordan's helpfulness puts the administration's recent policy toward Jordan squarely in the category of a policy of diminished expectations, but a justifiable policy all the same.

SINCE EARLY 1988, the king has set a course to make Jordan's government independent of himself as a person and much less dependent on near-absolute monarchical authority: the July 1988 disengagement from the West Bank, the November 1989 election, the 1990 preparation of a National Charter legalizing political parties, and the king's willingness to allow an Islamist-minded parliament to influence important policy questions are all examples. In this way, King Hussein had given the Jordanian "street" such a wide swath of influence and organizing energy that opposing its spontaneous support for Iraq after the August 2 invasion would have been extremely dangerous. To do so probably would have required ordering the army and security police to shoot demonstrators; had the king done that, even assuming the order would have been obeyed, his efforts to build for the future would have gone for nothing.

Even worse, the Hashemites feared that, as a consequence of war, Jordan would be turned into a "killing field" between Iraq and Israel and literally not survive as an entity. King Hussein was probably not exaggerating much when he said on November 17 that the Middle East was on the "verge of a catastrophe which would destroy our existence"; nor was Crown Prince Hassan just mouthing words when he said, "Plainly put, our small country of 3.5 million people is on the brink of destruction."[1] The rhetoric about Saddam Hussein from the king and crown prince during the earlier stages of the crisis, then, did not reflect bad judgment and sincere anti-Americanism so much as bad luck and genuine fear.

Once the heightened emotions of crisis subsided at war's end, the Bush administration soon focused on the essential truth that as inconvenient as Jordanian policy had been during the crisis, every conceivable alternative to the king and his court was worse. Congress' actions in March helped deepen the administration's focus on future consequences rather than past sins, and Bush worked to get a rider in the bill allowing the re-provision of aid when the president determines and certifies that Jordan was aiding the peace process. As it happened, by then American Middle East diplomacy had developed to the point that a Jordanian role was both more likely and more necessary to keep the Arab-Israeli peace process from abject failure. After Adnan Abu-Odeh, one of the king's oldest and closest confidants, spent three days in Washington at the end of March, a meeting between Baker and Jordanian Foreign Minister Taher al-Masri was arranged in Geneva on April 12, which was then followed by Baker's journey to Aqaba to see the king on April 20.

Criticism about these gestures is unwarranted. They made sense as policy toward an ally of diminishing returns for two reasons,

[1]Philip Shenon, "West is Rebuked by Jordanian King," *New York Times*, November 18, 1990; and Hassan bin Talal, "Does the World Want Jordan to Vanish?", *Christian Science Monitor*, November 28, 1990.

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one concerning the peace process and one concerning regional stability. Though no one in the administration was pitching the old idea of a "Jordanian option" for solving the Arab-Israeli crisis—in which Jordan provides the vehicle through which the Palestinian problem could be recontained as it was before the June 1967 war—a weaker version of the argument still retains attraction.

First, Israelis are far more inclined to consider territorial concessions to Jordan than to the PLO. Second and more to the point, the extent to which Palestinian nationalism has eroded the importance of Jordan as a key player has been overstated. Palestinian nationalism must eventually moderate its positions to set the stage for a stable settlement and, just as important, that moderation must stick. Contrary to received opinion before the Gulf Crisis, genuine and stable PLO moderation is not yet an accomplished fact.

Although diminished, Jordan's role in advancing the peace process remains critical. Its own Palestinian population and the regime's still considerable clout with West Bankers make Jordan a shield to protect any future settlement from radical Palestinians and their Arab allies. Jordan's ancillary but still indispensable role, both present and future, explains the attraction for Israeli and American diplomats of both a joint Palestinian-Jordanian delegation to any peace conference and a Palestinian federation with Jordan thereafter. Indeed, Jordan committed itself to this course in July when it agreed to attend a U.S.-sponsored regional peace conference. Without Jordan brokering the Palestinian question, no Israeli government will order its military to leave any part of the West Bank and Gaza, and without some prospect of that, there can really be no peace process.

But the most compelling reason for the U.S government to help King Hussein these days has to do not with the peace process but with the stability of Jordan itself, for the two most likely alternatives to the king are plainly worse. A post-Hashemite bedouin regime based on the army and the security service would be weaker, while a Palestinian-Islamist revolutionary regime would be ferociously anti-American. A third possibility, civil war with multipartite foreign intervention, would be an outright horror.

TRUE, supporting the king today does not offer many opportunities for uplifting rhetoric. What he can do for U.S. foreign policy is subtle and complicated, and requires much discretion. What his adversaries could do, however, were they to replace him, would be to create diplomatic stasis leading to disaster. A weak regime would not be a practical partner for Israel in the peace process, and a radical regime would not be a willing partner. As a result, all those in Israel who favor territorial compromise in the protective nest of a Jordanian-Palestinian confederation solution would be thoroughly stymied. A stable, potentially conciliable Jordan is a *sine qua non* for any Israeli Labor Party foreign policy. Without it, what is already a party in the wilderness is pushed further toward either utter confusion or embracing a PLO solution—which would ensure oblivion as far as Israeli electoral politics are concerned.

As for the United States, its patience and maturity have so far survived a serious test. No sooner did the administration resolve to stand by the king than embarrassing reports surfaced in April and May of large-scale Jordanian economic aid to Iraq in defiance of continuing UN sanctions, aid that the royal palace may not have been able to control. The administration gamely played down the reports, most of which were undoubtedly true. It did so for the same reason it sent James Baker to Jordan on a number of occasions this spring—because there was really no other prudent choice. Inconvenient? Yes. Frustrating? Absolutely. But diplomacy often involves swallowing one's pride, and we still need the King of Jordan, diminished ally or not.□

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Weisberg on Fukuyama's South Africa

EVERY STUDENT of international relations has thought about the question of why world communism fell apart when it did. Fewer have considered the sudden and dramatic collapse of another totalitarian bulwark which many deemed equally impregnable before 1989: the South African apartheid state. In his fine overview of recent developments and future scenarios ("The Next South Africa," Summer 1991), Francis Fukuyama offers many insights into the causes of this other democratic revolution, and helps explicate its relationship to events in the Soviet Union and Eastern Europe that overshadowed it.

Fukuyama finds the most basic source of South Africa's transformation in the country's phased economic development. To summarize briefly, when the National Party came to power after the Second World War, it represented a constituency of Afrikaners who were themselves resentful, second-class citizens of a former colony. "They were poorly educated and many were not even literate: fully one-fifth of the Afrikaner population in 1949 could be classified as 'poor whites'," Fukuyama writes. Such a people were necessarily isolated from the commercial and intellectual influences of the modern world. But the Pretoria regime's battle against the pressures of modernity was a losing one, thanks to urbanization and the rising material condition of the Afrikaners.

Fukuyama believes that economic progress created inevitable contact with the powerful liberal democratic idea, which in turn cut loose the moorings of the apartheid state. As Afrikaners began to recognize the injustice of apartheid, the economic irrationality of the system became increasingly evident as well. Thus internal modernization, abetted by international disapproval, helped apartheid fall victim to its own "internal contradictions." Fukuyama touches on a number of more temporal causes of reform, such as the failure of the Dutch Reformed Church to continue to provide a theological rationale for apartheid and the decline of communism as a meaningful alternative. He even makes a grudging bow to international economic sanctions, which he believes had a "real, though secondary effect."

This analysis does a better job of explaining why apartheid was ultimately doomed than why it tumbled when it did. Fukuyama notes that there is a strong correlation between socioeconomic advance and democratic development around the globe. This linkage is genuine, but falls short as a causal explanation. Economic and political modernization can remain out of alignment for generations, if not centuries. In the 1940s, Afrikaners as a people were already largely post-agricultural, and nearly as prosperous as the Spaniards, Greeks, and Portuguese when their respective countries democratized in the 1970s. Latin American nations whose per capita income lags far behind that of white South Africa have already been democracies, of sorts, for several years. The poverty-stricken Philippines went democratic in 1986. Yet monarchies rule without challenge in many wealthy Arab states which have extensive contact with consumer capitalism, as well as a high degree of urbanization. Egypt, the most nearly democratic of the bunch, is one of the poorest states in the Arab world.

To explain why apartheid fell when it did, it is necessary to move beyond historical inevitability and examine more closely than Fukuyama does the quotidian political, economic, and moral pressures that broke its

Jacob Weisberg is a senior editor of the *New Republic*.

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back. The most direct and important cause of apartheid's downfall, which Fukuyama somehow manages to ignore entirely, was resistance by black South Africans. Economic systems based on exploitation, or even slave labor, can function effectively for the benefit of the masters, but only so long as the laborers who make the system work remain cowed and quiescent. This was never the case in South Africa. The entire history of apartheid is one of massive, sustained, and largely peaceful internal disobedience. As in Eastern Europe, South African dissidents, who were punished and in some cases killed for their beliefs, developed popular followings that translated into a legitimacy the regime lacked. The institutions of apartheid crumbled in response to acts of rebellion that were based sometimes on economic need, sometimes on political or moral belief, and sometimes on a combination of the two.

TO TAKE only a few important examples, black unions were legalized in the 1970s after they became an undeniable reality in industrial relations. The hated pass laws were abolished after more than 17 million blacks were arrested for violating them between 1916 and 1982, and the annual tally continued to rise exponentially. Laws against black residence in white neighborhoods and attendance at white schools were scrapped after blacks became an unremovable presence in both. The influx control law, which prohibited blacks from living in cities, was finally scrapped in 1986 after repeated bulldozings and burnings failed to roust hundreds of thousands of illegal squatters from shanties around Cape Town and the other large cities. The uprising of 1984 to 1986, which made the townships totally ungovernable for the first time, was not the beginning of the resistance struggle; it merely accelerated it and brought it to the attention of the larger world. It might be said that apartheid failed when the Afrikaners realized that if they were not about to be overthrown by revolution, they could not indefinitely contain the revolt either.

External pressure was crucial, both in effecting specific reforms and in fostering an overall climate of change. One analyst points to the importance of Margaret Thatcher raising the issue of influx control with P.W. Botha when he visited her at Chequers in 1984.[1] But pressure of the unfriendly variety, in the form of sanctions, was more obviously effective. It is possible to credit the international sports boycott with integrating South African athletics. (According to one survey, more than half the white population was willing to support broader political changes before de Klerk came to power just to get South Africa back into world sports.)[2]

For the most part, sanctions worked not because they put a coercive financial squeeze on whites, but because of their psychological effect. Sanctions and, even more important, the threat of sanctions made clear to Afrikaners that the alternative to democratic reform was eternal pariah status. Not only would this eventually lower the white standard of living, it would have denied whites access to the West, to its consumer products and cultural life. Afrikaners often used to pride themselves on their isolation from the modern influences they correctly understood would undermine their peculiar institution. (My favorite fact about South Africa is that it had no television before 1976.) But faced with a future of increasing and punishing quarantine, they flinched. This is a hard point to discern from white South Africans, including many authentic liberals. Having bitterly opposed sanctions, often for the legitimate reason that they hurt blacks more than whites, they are still reluctant to acknowledge their effectiveness. I am in full agreement with Fukuyama that the sanctions are no longer necessary, but would

[1] John Kane-Berman, *South Africa's Silent Revolution* (Johannesburg: Institute of Race Relations, 1990), p. 27.

[2] See for instance *The Impact of Sanctions on South Africa, Part II: Whites' Political Attitudes*, by Jan Hofmeyr, The Investor Responsibility Research Council (March 1990), p. 46.

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argue that their effect was primary, not secondary.

Another important factor Fukuyama neglects is the role of ethical change and moral leadership among the Afrikaners. The revised, nonracist theology of the Dutch Reformed Church is but one of many manifestations of the growing realization that apartheid was not just impractical but also profoundly wrong. Another institution that reflects this shift in sentiment is the secret Broederbond, which like the church counts most of the country's political leaders among its membership. Talking to Afrikaners of de Klerk's generation, one is struck by the genuine moral awakening many of them have experienced, often brought on by contact with blacks. De Klerk has told friends and acquaintances that he has undergone such a spiritual conversion himself.[3] To my mind, he is not, as Fukuyama views him, a representative Afrikaner. After coming to power, de Klerk quickly overtook the terrain held by the liberal Democratic Party. This was, and remains, a risky maneuver: de Klerk has no white mandate for a one person, one vote democracy, but he's going ahead with it anyway. So far, he has been masterful at pulling a hesitant party, and an even more recalcitrant constituency, along with him.

THE COMPARISON of de Klerk and Gorbachev is instructive in this regard. Where the Soviet leader appeared to back reform for purely pragmatic reasons, de Klerk evidences a moral as well as a practical motivation. Gorbachev wanted to modernize Soviet communism to enable its survival; de Klerk wants to scrap apartheid entirely because it is unjust, even though he will probably put himself out of office if he succeeds. The last two years have seen Gorbachev pulled along by events, dragging his feet on fundamental reform. The same period has seen de Klerk moving far in front of white public opinion. As recently as a year ago, the conventional wisdom held that de Klerk could not repeal the Population Registration Act, the most fundamental cornerstone of apartheid, until he had a new constitution in hand. He repealed it anyway. Aware that both the far-right Conservative Party and many elements in the ANC view him as Pretoria's answer to Kerensky, de Klerk has sought to protect himself by keeping the pace of reform so rapid that his opponents cannot organize a response.

If Fukuyama underestimates de Klerk, it seems to me he also overrates the danger that an autocratic and dictatorial ANC will succeed him in power. The troublesome signs Fukuyama points to are genuine enough: the preeminence of Communists among the organization's leadership, its lack of internal democracy, and its allegiance to potentially ruinous ideas about redistributing wealth. I too am worried about the ANC's poor record in support of press freedom, its intolerance of other black political parties, and the pressure it puts on independent groups of all kinds to bow to its leadership.

But each of these pernicious tendencies is matched by a countervailing force. The ANC is filled with authoritarians, but sincere and committed liberals and democrats work alongside, and may outnumber, them. For every statement by an ANC leader calling for nationalization of industry, one can find another forswearing it. Albie Sachs, one of the party's constitutional negotiators, is an eloquent defender of artistic and intellectual freedom. The country's most powerful union, COSATU, has refused to take its cues from the ANC, even now that its president, Cyril Ramaphosa, is the party's general secretary and a possible successor to Mandela. Other young institutions of civil society are showing a robust independence. These are all hopeful signs. Because of its conflicting factions and policy statements, the ANC becomes something of a palimpsest for outside observers. In his inclination to accentuate the negative, Fukuyama sometimes misreads evi-

[3]Steven Mufson, "South Africa 1990," *Foreign Affairs* (America and the World 1990/91), p. 123.

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dence. For example, Winnie Mandela may have "many supporters within the ANC," but, with the exception of her husband, the organization's leadership has rejected her quite decisively.

A year and a half after its unbanning, the ANC remains massively disorganized and shows no signs of overcoming the profound divisions within it. Historically, Communists have been adept at capitalizing on just this kind of disarray. But I am less worried than Fukuyama about Joe Slovo and other Communists pulling the strings behind non-Communist front men like Mandela, or replacing them after an interval. This time, the Leninists will be operating on their own, without significant help from an internationally powerful communist movement. Gorbachev has yet to meet with Mandela, not because Mandela hasn't had a chance to visit him but because Gorbachev is unwilling to continue the financial support the Soviet Union has given the ANC in the past. Fidel Castro, friendly as he and Mandela might be, is in no position to send financial or technical assistance. This weakens the hand of the Communists within the ANC.

Without external support for the radicals, it seems likely that relatively conservative forces within the ANC will gain an upper hand. Most of the ANC's supporters are churchgoers, wage-earners, and union members who aspire to more prosperous and peaceful lives. Some of them already support the National Party even though it only recently became integrated and has no black leaders. If the ANC becomes more radical, its loss in black middle-class support will be de Klerk's gain. In any case, it seems reasonable to assume that many of the same practical and moral considerations that have pushed South Africa's minority government to yield its position of dominance will condition the policies of the ANC as negotiations progress. The ANC has already responded to the moderating pressure it has received from the white business community.

Fukuyama makes a common mistake in automatically assuming that the outcome of the current process will be an ANC government. A look at public opinion shows Mandela popular as ever, but his party by no means has a monopoly of power among disenfranchised blacks. One recent survey suggests that if an election were held tomorrow, the ANC would win only 43 percent of the vote in Soweto.[4] Inkatha would get 10 percent, while the Pan-Africanist Congress and AZAPO would have a combined total of 27 percent. (Though these parties adhere to radical platforms, their support testifies more to their independence from the ANC than to their extremism.) The National Party would get 17 percent. In some of the townships around Johannesburg, de Klerk actually enjoys a higher approval rating than Mandela. Given its internal divisions and organizational shortcomings, there is a strong chance that the ANC will not even survive an All-Parties Conference as a single entity. If Mandela dies or becomes incapacitated, the congress will lose its strongest unifying force.

OF COURSE, the ANC is still the most likely contender for power after majority rule, and one should not be naively optimistic about its good intentions. That is why the specifics of the new constitution are so vital. It is true, as Fukuyama reminds us, that "Africa is full of beautiful constitutions that aren't worth the paper they're printed on." But without a viable, liberal constitution, South Africa's prospects for democracy, peace, and stability, are nearly nonexistent. The cornerstone the constitution needs is an American-type bill of individual rights, guaranteed by an independent judiciary.

De Klerk now accepts this idea, as does the ANC. The second crucial principle is that there be sufficient devolution of power to

[4]Lawrence Schlemmer, "Black Township Residents Amidst Protest, Negotiation and Violence: an Empirical Study," University of Witwatersrand's Centre for Policy Studies, Research Report No. 18, May 15, 1991, p. 8.

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protect minority rights from unrestrained central authority, which may be a sticking point. If the ANC continues to drag its feet on roundtable negotiations to draft such an agreement, de Klerk might be wise to proceed unilaterally, by putting a liberal constitution up for a national referendum, and proceeding with democratic elections.

I'm hesitant to be drawn into Fukuyama's predictive game. For many of its citizens, South Africa already resembles his worst-case outcome, since large areas of the townships are torn by Beirut-like civil strife. Though the seeds of a Lebanese-type ethnic disaster are present, I don't think this scenario will be fulfilled short of economic catastrophe. The country's inherent wealth, its well-developed infrastructure, and its rooted white population are all important additional factors that will promote stability after the transition. Most important of all is a surprising amount of good will, and a widespread desire to build a nonracial future. But it isn't any more realistic to expect South Africa to resemble a European-style social democracy any time soon. Both material resources and the political culture of liberal democracy are in too short supply to make this a real possibility.

This leaves a vast middle ground of imperfect democracies—the category in which South Africa is most likely to find itself by the end of the decade. Will it be like Brazil? Costa Rica? India? The Philippines? Namibia? The new South Africa will probably bear some relationship to each of these, but won't resemble any one of them very closely. How it evolves depends a great deal on the behavior of its principal actors, the health of the economy, unpredictable developments on the international scene, and the still-to-be-determined shape of the negotiating process. What is to be hoped is that in the next few years South Africa will succeed in devising a political framework that expresses its democratic aspirations while containing the forces that may conspire to refute them.□

Fukuyama Replies:

AS I FEARED, my attempt to give an account of the common moves toward democracy on the part of South Africa and the former Soviet bloc in the late 1980s has led to the misunderstanding that I am somehow an economic determinist. In my article, I argued that South Africa, the Soviet Union, and for that matter Spain, Portugal, Greece, South Korea, and other democratizing countries in the 1970s–1980s all experienced a comparable sort of socioeconomic transformation over the past 40 years as they moved from predominantly agricultural societies to much more modern, industrialized, and educated ones. This is what they hold in common. On the other hand, I also noted that "politics and ideology must intervene: leaders must lead wisely, publicists must put forward arguments," etc. In this respect, each of these cases is unique and dissimilar from the others. If I understated the importance of the "superstructure" of consciousness in favor of the "substructure" of economics, it is only because I was looking for similarities.

Even so, it seems to me that Weisberg confuses economic with political causes. Black South Africans have certainly undertaken a heroic political struggle for their rights over the past several decades, but this was supported by powerful economic forces. The pass laws, influx control regulations, and the like were massively violated not only because they were unjust but because they sought to somehow prevent the urbanization of a rapidly growing black proletariat required by South Africa's modern industries. Apartheid's lack of economic rationality is one feature it held in common with communism.

Francis Fukuyama is a consultant to the RAND Corporation.

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I don't know how one can prove empirically that sanctions were the *primary* cause for apartheid's breakdown in the late 1980s, given the myriad other factors pushing toward this result. I am certainly willing to believe that their effect was significant—why else would the South African government and business community spend such time and money (including the recently revealed subsidies to Inkatha) to persuade the outside world to lift them? Both liberals and conservatives are guilty of considerable hypocrisy on the question of economic sanctions, arguing for their effectiveness against regimes they don't like, and for the effectiveness of "dialogue" or "constructive engagement" with regimes they view less unfavorably. But it seems to me that both liberals and conservatives alike are wrong in believing that the fundamental origin of social change around the world—whether in South Africa, Nicaragua, or the Soviet Union—is the U.S. Congress.

FINALLY, I certainly hope that Weisberg is right that moderates will prevail over the Communists within the ANC. Part of my pessimism stems just from personally witnessing the extraordinary extremes of wealth and poverty in South Africa, far more visible than in any Western democracy. Under those conditions, it seems to me that even if Margaret Thatcher were elected head of the ANC tomorrow in place of Mandela, she would be forced to heed her constituency's perfectly understandable demands for immediate improvement in their housing, education, health care, and the like through massive government social spending. The fact that the resources simply do not exist to bring the vast majority of black South Africans up to white living standards will not seem like a plausible counter, when so many are so wretched.

On the other hand, recent developments give some grounds for hope. The ANC's recent congress in Durban turned out very well, both in the efficiency of its execution and in the fact that it elevated pragmatists like Cyril Ramaphosa over militants like Chris Hani. It is, in fact, de Klerk's government whose credibility has suffered a serious setback as a result of revelations of its funding of Inkatha and its at least indirect fostering of township violence. Let us hope that what we are witnessing is a period of adjustment as all of South Africa's diverse ethnic groups and political forces get used to the fact that they will have to live with one another over a very long period of time.□

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Justice and the War

Robert W. Tucker

WHEN IS war just? In the American tradition, the justice or injustice of war has turned primarily upon the circumstances immediately attending the initiation of force. The just war is the war waged in self-defense or in collective defense against an armed attack. Conversely, the unjust war is the war initiated in circumstances other than those of self- or collective defense against armed aggression. The American view of just war has thus been characterized by a singular preoccupation with the overt act of resorting to force. It has proceeded from the conviction that whatever a state's grievances, aggressive war is an unjust—and illegal—means for settling those grievances. This conviction was given full expression in the Gulf War.

The restriction of just war to the war of self- or collective defense against armed aggression corresponds to the twentieth-century reconstruction of the Christian doctrine of *bellum justum*. In the classic version, the just war was a war of execution, an act of vindicative justice, taken to punish a state for a wrong done and unamended. But the rights in defense of which states might resort to war, in the absence of satisfactory alternative means of redress, were not restricted to that of self-defense.

Robert W. Tucker is a contributing editor of *The National Interest*.

In the twentieth-century reconstruction, however, war is no longer a means generally permitted to states for the redress of rights that have been violated. Still less is war considered a legitimate means for changing the status quo. Armed force remains a means permitted to states only as a measure of defense against unjust attack. This restriction of just war rests in the main on the presumption—indeed, conviction—that war no longer serves as an apt and proportionate means for resolving international conflicts. International law has followed a similar course. The *bellum legale*, as the *bellum justum*, is now substantially limited to one of defense, individual or collective, against armed attack.

This far-reaching change in the right of recourse to war has not gone without dissent. Even so, the international consensus on limiting the just cause of war to that of self- or collective defense against aggression is clear. That consensus was reaffirmed in the course of the crisis that led to war in the Persian Gulf. A war of collective defense undertaken in response to a textbook act of aggression, the justice of its cause was apparent.

That a war is undertaken in a just cause does not thereby ensure that it must be a just war. In the American view, there is a strong disposition to assume a necessary relationship not only between the justice of resorting to war and the purposes sought in war, but between the causes and purposes of war and the manner of waging war as well. Moral

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indifference to the manner of employing force is the result of moral certainty respecting the causes of, and purposes sought in, war. Just war doctrine teaches otherwise. It emphasizes that even a defensive war is not of necessity a just war, and the requirements that the conduct of war must conform to the principles of discrimination and proportionality apply to those waging a defensive war. The justice of war's cause does not excuse the injustice of war's conduct. If the latter is sufficiently grave, it may morally taint a war undertaken with just cause. Even a defensive war, then, may become an unjust war if it is marked by the deliberate attack on noncombatants or if the good secured by such war is clearly outweighed by the evil attendant upon its conduct.

If these considerations hold for a war that is clearly defensive in both cause and purpose, they are all the more relevant for a war the purposes of which go well beyond those of defense, conventionally defined. A war that is clearly defensive in cause may be much less so in purpose. Indeed, the same purposes and anticipations that inform a preventive war may also inform a war presumably fought in self-defense. A war the purpose of which is essentially defensive is one that leaves the power and position of the enemy substantially unchanged. Purpose is limited to repelling the aggressor, not to destroying him. But it may be argued that merely to repel the aggression, rather than to remove the source of aggression, is insufficient for even strictly defensive purposes given the circumstances that continue to characterize international society.

Within civil society the state presumably assures that an aggressor once repelled will be removed. In international society, the same assurance cannot be given to states. An equally severe restriction of measures taken in self-defense may prove unreasonable in that it may defeat the essential purpose for which such measures are considered justified in the first place. This familiar argument has evident merit. Yet its acceptance carries an equally evident risk, for it is in effect a license to expand the purposes of a war begun in defense to a point where it may become difficult to set meaningful limits on the exercise of self- or collective defense. As these purposes expand, so will the interpretation belligerents give the criterion of proportionality that serves to justify the acts taken in their name.

It is with these general admonitions in mind that we may ask: Was the Gulf War a just war in the manner in which it was waged? Was it an apt and proportionate means? Did the good secured by the war clearly outweigh the evil attendant upon its conduct?

THE MANNER in which the war was waged reflected, in the first instance, the vast disparity in the means available to the two sides. This disparity meant that the element of reciprocity was largely absent from the conflict. The expectation that like will be returned for like has always been the most important constraint on the conduct of war. In the Gulf War, the side possessed of enormous technological advantage could act almost without fear of enemy reprisal.

The conduct of the war also reflected the conditions placed on the use of force by a public that would not tolerate another Vietnam. A war in the Gulf, the president accordingly promised the nation, would not be "protracted"; the government would not permit "our troops to have their hands tied behind their backs"; there would not be "any murky ending"; nor would American forces remain "a single day" longer than was necessary to achieve the objective. These commitments could be honored only by the application of force on a massive scale, with the objective of utterly overwhelming the adversary and destroying his capabilities to commit further aggression. Merely to drive Baghdad from Kuwait, though leaving its military power intact, would not remove the danger of future aggression. Finally, these objectives had to be achieved at a modest price in American lives—if the price of victory was substantial casualties it was likely to prove too high for a nation that until the very eve of the

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war remained deeply divided over the wisdom of going to war.

The war that resulted from these conditioning circumstances was one waged with extraordinary ferocity. The cost in human lives remains obscure, in part because neither the Iraqi nor the American government has an interest in determining and publicizing these costs and in part because civilian casualties will continue to mount for some time to come, if only because the human effects of the destruction visited on Iraq have yet to run their course. When the full cost in lives is finally calculated, combatant and noncombatant deaths may well number several hundred thousand. To this grim statistic must of course be added the vast destruction of industrial plants in Iraq, a destruction undertaken partly in the name of immediate military necessity and partly in pursuit of the larger objective of eliminating Baghdad as a regional power.

THESE AND still other costs of the war may not be lightly passed over in considering its justice. Political and military leaders may habitually employ a peculiar moral arithmetic in calculating the costs of war—one according to which the moral total of such costs largely depends on the identity of those whose lives are being counted—but moralists are expected to assess war's costs with a measure of impartiality. Viewed from the perspective of Washington, the moral costs of the war against Iraq appear quite modest. Viewed from a perspective that is less discriminating, a very different judgment may be reached. Indeed, had the total casualties in the war been roughly the same but more equally shared, it is altogether likely that this nation's judgment, political and moral, would be very different from the prevailing judgment today.

These considerations notwithstanding, did the manner in which the Gulf War was waged satisfy the requirements of discrimination and of proportionality? Of the two requirements, the principle forbidding the direct and intentional attack on the civilian population has generally been considered the more significant. The distinction between those who may be made the object of attack and those who may not is held in *bellum justum* to define the essential difference between war and murder. It is the deliberate killing of the innocent that is always to be avoided, even as a measure of reprisal in response to similar measures of an adversary. Indiscriminate warfare, moreover, is almost by definition total war, and total war is very difficult to reconcile with the other general principle regulating war's conduct, that of proportionality.

In the Gulf War, a considerable effort was made to avoid direct attack on the civilian population of Iraq. That effort appears to have been on the whole quite successful, a success made possible in part by the precision of the weapons. At the same time, there has been a substantial, and still growing, number of civilian deaths that are the indirect result of allied air strikes. In bombing what were designated as military objectives, facilities were destroyed that also sustained civilian life. The severe disabling of Iraq's electrical power grid, to cite perhaps the most prominent example, was undertaken to impede the enemy's communications. It has also had the effect, however, of contributing to the undermining of the public health system—the disabling of the grid has led to inadequate sanitation and, ultimately, to epidemics.

It may be and has been contended that these and similar effects of the bombing were beside the intention of the actors, even if they were in some measure foreseen, and that the death of and injury done to noncombatants did not constitute a means for achieving an otherwise legitimate military end. Provided these requirements of *bellum justum* are satisfied, there remains only the requirement of proportionality—that the evil effects not outweigh the good effects—in order to give moral sanction to the air attacks on Iraq. But the difficulties that have been raised in the past by bombing are also raised in the present case. Collateral effects may reach a point at which it becomes difficult to consider these

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effects as being beside the intention of the actors. Inevitably, there is a point where one must deduce intent from effects or consequences, the determination of that point being, in turn, dependent largely on quantitative considerations. In practice, then, whether the death and injury done to the innocent is intended or is beside the intention of the actor is determined by the scope of this death and injury. And even though there are no objective criteria for determining how much death and injury may be done to the innocent while still preserving the right intention, this cannot affect the judgment that there are such criteria, however difficult and uncertain their delineation. Whether these criteria were breached in the recent war is an issue that is yet to be persuasively addressed.

The view has nevertheless arisen that the advent of precision-guided weapons has alleviated the hitherto almost intractable issues attending efforts to reconcile the principle of discrimination with the conduct of modern warfare. On this view, the war against Iraq foreshadows a time when the use of such weapons may no longer result in collateral damage as understood in the past. For the destruction of military objectives may then be undertaken without any concurrent death or injury to the civilian population. Even so, this would not of necessity mean that the requirement of discrimination had been satisfied; it might only mean that the time and manner in which noncombatants were put at mortal risk had changed. As the Gulf War has demonstrated, provided only that military objectives are given a sufficiently broad definition, the immunity belligerents are obliged to afford noncombatants may be threatened quite as gravely as it was in earlier wars of this century. The conclusion seems unavoidable that discrimination in war will continue to depend less on the precision of weapons, or, for that matter, on the care with which they are employed against military objectives, than on the scope and meaning that is given to military necessity (and hence to the determination of what constitutes a legitimate military objective). If this conclusion has merit, it suggests that rather than enabling belligerents to wage clearly discriminate warfare, the principal significance of precision-guided weapons might instead be to permit belligerents to wage indiscriminate warfare while persuading themselves that they are acting in a highly discriminate manner. The Gulf War indicated that this delusion may already have taken a firm hold.

In the end, the justice of the Gulf War must turn on the test of proportionality—the critical test for judging virtually every major aspect of the war, including whether the requirement of discrimination was met. If the conduct of the war is considered to have satisfied the requirement of discrimination, it did so largely because it presumably met the requirement of proportionality as well. It is because the evil represented by the death and injury of noncombatants is not deemed disproportionate to the good otherwise served by the war that the criterion of discrimination is satisfied.

The principle requiring that the values preserved through force must be proportionate to the values sacrificed through force is admittedly little more than a counsel of prudence. It expresses the common sense of the matter. When war becomes disproportionately destructive to the good it serves, it must be condemned. Judgments of proportionality, and its converse, are necessarily very rough and subject to considerable uncertainty. Still, such judgments are indispensable if war is to be regarded as a rational and moral activity. They express what may be termed the "logic of justification" and it is quite difficult to imagine how meaningful moral discourse about war could be undertaken without them.

In the conduct of the Gulf War, the issue of proportionality also arose as a result of the huge disparity in combatant casualties suffered by the respective sides. Is proportionality violated when a belligerent takes a multitude of the enemy's lives in order to save, or simply not to put at risk, a few of his own? That this was done in the recent war is clear. In doing so, military commanders invoked the plea of military necessity as justification

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for their actions. Given the indeterminate character of military necessity, the appeal to it often appeared plausible. Even so, there are surely limits, ill-defined though they may be, to the number of enemy lives that may justifiably be taken to avoid risking however small a number of one's own. At some point, the imperious claims of military necessity must yield to the claims of humanity. This is so even if it is conceded—a concession the moralist may make only at his peril—that although human lives are human lives, some lives are still more important than others. That point, it would seem, is above all dependent on quantitative considerations.

WAS THAT point exceeded in the Gulf War? The question has only seldom been raised. When it has, more often than not the response has been to shift the meaning of military necessity from its narrower operational sense to its broader political-strategic sense. In the latter, military necessity is above all a function of the objectives sought in war rather than simply the immediate requirements of military operations (as well as the means available to belligerents for effectively carrying out these operations). Partiality in the conduct of war is accordingly transformed into impartiality when judged by the purposes or ends of war. Once these purposes are endowed with great enough significance, military necessity may serve to justify behavior that is very one-sided in its human consequences.

In the Gulf War, what moral embarrassment was felt at the disproportion in casualties suffered by the respective sides was partially relieved by invoking the larger ends of the war. Yet it was not so much the ends of the war that thus strained the principle of proportionality to a breaking point as it was the manner in which the nation and its government were determined from the outset to wage war. That manner would likely have found the expression it did whatever the purposes given the war, for it reflected the conditions upon which public support rested.

The melancholy conclusion to which these considerations lead is not that the manner in which the war was waged made it an unjust war—there is no pretension here of weighing the evil effect of the war against the good preserved or restored by the war, beginning with Kuwait's independence as a sovereign state—but that its conduct resulted in deplorable consequences which cannot be simply shrugged off as the unfortunate though inevitable by-product of war. These consequences must be seen as seriously tainting the conduct of the war. Nor can it be said, in mitigation, that they were unforeseen and unintended. Quite the contrary, to an extent greater than most wars, the consequences of this war were foreseen and intended. Determined not to have more than the most modest casualties, intent on not getting into a quagmire, enjoying great technological advantages, and persuaded that the adversary was essentially unredeemable, the only reasonable expectation was that the kind of war would be waged that was in fact waged. Those who led the nation into war left little doubt on this score by the statements they made prior to the war's outbreak. The presiding generals warned Baghdad that a war, once begun, would be waged with "unprecedented ferocity" and would result in the "killing" of the Iraqi army. The president broadened the warning to the people of Iraq for whom war, he declared, would be a "calamity." And so it proved to be.

That the war that followed these warnings raises grave questions about its conduct is perhaps less sobering than the realization that it was virtually the only kind of war we could have waged given the outlook of the military establishment and of the nation at large. The disproportionality that marked the conduct of the war has deep roots, which gave to its conduct almost the character of inexorability. The consequences of the Gulf War have given new support to the view that the circumstances in which war remains an "apt and proportionate" and, accordingly, a just means have further narrowed.□

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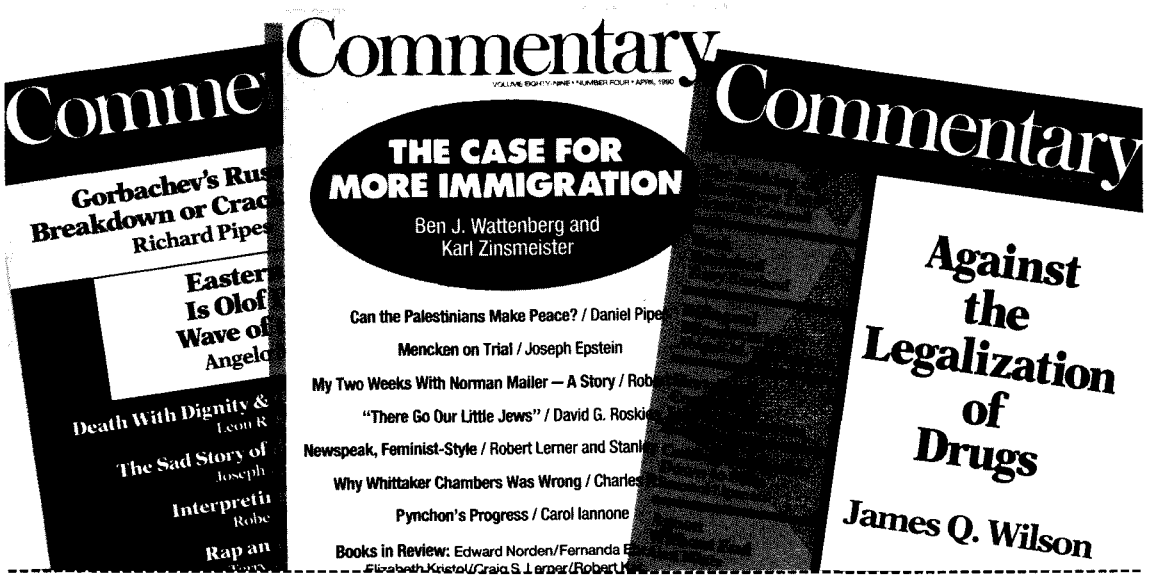
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